

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549**

FORM 20-F/A

AMENDMENT NO. 1 TO ANNUAL REPORT
PURSUANT TO SECTION 13 OR 15(d) OF
THE SECURITIES EXCHANGE ACT OF 1934

For the fiscal year ended December 31, 2003
Commission File Number: 1-14728

Lan Airlines S.A.

(Exact name of registrant as specified in its charter)

Lan Airlines S.A.

(Translation of registrant's name into English)

Republic of Chile

(Jurisdiction of incorporation or organization)

**Avenida Américo Vespucio Sur 901
Comuna de Renca,**

Santiago, Chile

(Address of principal executive offices)

Securities registered or to be registered pursuant to Section 12(b) of the Act:

Title of each class:

American Depositary Shares (as evidenced by
American Depositary Receipts), each representing five shares of Common
Stock, without par value

Name of each exchange on which registered:

New York Stock Exchange

Securities registered or to be registered pursuant to Section 12(g) of the Act:

None

Securities for which there is a reporting obligation pursuant to Section 15(d) of the Act:

None

Indicate the number of outstanding shares of each of the issuer's classes of capital or common stock as of the close of the period covered by the annual report: 318,909,090

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports) and (2) has been subject to such filing requirements for the past 90 days.

Yes ☒ No ☐

Indicate by check mark which financial statement item the registrant has elected to follow:

Item 17 ☐ Item 18 ☒

EXPLANATORY NOTE

This amended annual report dated December 21, 2004 has been prepared for the purpose of presenting a purchase agreement we entered into with The Boeing Company for the acquisition of two Boeing 767 freighter aircraft. In this amendment to Form 20-F, we have included this purchase agreement as Exhibit 4.2. Accordingly, we also have added Exhibit 4.2 to the Exhibit List in Item 19. We note that portions of Exhibit 4.2 have been omitted pursuant to a request for confidential treatment and that such omitted portions have been filed separately with the SEC. We have also added a summary narrative description of the material terms of the contract in Item 10. See Item 10, "Additional Information – Material Contracts", and Item 19, "Exhibits", presented herein.

We believe that these changes are not material to our financial condition, operations or prospects.

Except as described above, no other change has been made to the annual report on Form 20-F filed on June 14, 2004. The filing of this amended annual report should not be understood to mean that any statements contained herein are true or complete as of any date subsequent to June 14, 2004.

ITEM 10. ADDITIONAL INFORMATION

Memorandum and Articles of Association

Set forth below is information concerning our share capital and a brief summary of certain significant provisions of our by-laws and Chilean law. This description contains all material information concerning the common shares but does not purport to be complete and is qualified in its entirety by reference to our by-laws, the Chilean Corporation Law and the Securities Market Law, each referred to below. For additional information regarding the common shares, reference is made to our by-laws, a copy of which are included as Exhibit 1.1 to this annual report on Form 20-F.

Organization and Register

LanChile is a publicly-held stock corporation (*sociedad anónima abierta*) incorporated under the laws of Chile. LanChile was incorporated by a public deed dated December 30, 1983, an abstract of which was published in the Chilean Gazette (*Diario Oficial de la República de Chile*) No. 31.759 on December 31, 1983, and registered on page 20,341, No. 11,248 of the Chilean Real

Estate and Commercial Registrar (*Registro de Comercio del Conservador de Bienes Raíces y Comercio de Santiago*) for the year 1983. Our corporate purpose, as stated in our by-laws, is to provide a broad range of transportation and related services, as more fully set forth in Article Four thereof.

General

Shareholders' rights in a Chilean company are generally governed by the company's by-laws. Article 22 of the Chilean Corporation Law states that the purchaser of shares of a company implicitly accepts its by-laws and any agreements adopted at shareholders' meetings. Additionally, the Chilean Corporation Law regulates the government and operation of corporations ("*sociedades anónimas*", or S.A.) and provides for certain shareholder rights. Article 137 of the Chilean Corporation Law provides that the provisions of the Chilean Corporation Law take precedence over any contrary provision in a corporation's by-laws. The Chilean Corporation Law and our by-laws also provide that all disputes arising among shareholders in their capacity as such or between us or our administrators and the shareholders may either be submitted to arbitration in Chile or to the courts of Chile at the election of the plaintiff initiating the action. Finally, Decree-Law 3500, which allows pension funds to invest in the stock of qualified corporations, indirectly affects corporate governance and prescribes certain rights of shareholders. The Chilean Corporation Law sets forth the rules and requirements for establishing publicly held corporations. Article 2 of the Chilean Corporation Law defines publicly held corporations as corporations:

- with 500 or more shareholders;
- in which 100 or more shareholders own at least 10% of the subscribed capital (excluding any direct or indirect individual holdings exceeding 10%); and
- which have voluntary registered their shares in the Security Register of the SVS.

The framework of the Chilean securities market is regulated by the Chilean exchange entity, the SVS, under the Securities Market Law and the Chilean Corporation Law, which imposes certain disclosure requirements, restricts insider trading, prohibits price manipulation and protects minority investors. Both the Chilean Corporation Law and the Securities Market Law state rules and requirements for establishing publicly held corporations. In particular, the Securities Market Law establishes requirements for public offerings, stock exchanges and brokers and outlines disclosure requirements for corporations that issue publicly offered securities.

Ownership Restrictions

Under Article 12 of the Securities Market Law and Circular 585 of the SVS, certain information regarding transactions in shares of publicly held corporations must be reported to the SVS and the Chilean stock exchanges on which the shares are listed. Since the ADRs are deemed to represent the shares underlying the ADSs, transactions in ADRs will be subject to those reporting requirements. Among other matters, beneficial owners of ADSs will be required to report to the SVS and the Chilean stock exchanges within two stock exchange business days:

- any direct or indirect acquisition or sale of shares that results in the holder's acquiring or disposing, directly or indirectly, of 10% or more of the corporation's total subscribed shares; and
- any direct or indirect acquisition or sale of shares or options to buy or sell shares, in any amount, if made by a holder of 10% or more of a publicly held corporation's total subscribed shares, or if made by a director, liquidator, principal officer, general manager or manager of such corporation.

In addition, majority shareholders must state in their report whether their purpose is to acquire control of the company or if they are making a financial investment.

Under Article 54 of the Securities Market Law and under SVS regulations, persons or entities that intend to acquire control, whether directly or indirectly, of a publicly traded company, must follow certain notice requirements, regardless of the acquisition vehicle or procedure or whether the acquisition will be made through direct subscriptions or private transactions. The potential acquiror must first send a written communication to the target corporation, any companies controlling or controlled by the target corporation, the SVS and the Chilean stock exchanges on which the securities are listed, stating, among other things, the person or entity purchasing or selling and the price and conditions of any negotiations.

The potential acquiror must also inform the public of its planned acquisition at least ten business days prior to the date on which the transaction is to close, any in any event, as soon as negotiations regarding the change of control begin (*i.e.*, when information and documents concerning the target are delivered to the potential acquiror). Notice is made through a filing with the SVS, the relevant Chilean stock exchanges and any companies controlling or controlled by the target corporation and through a notice published in two Chilean newspapers, and must also state, among other things, the person or entity purchasing or selling and the price and conditions of any negotiations.

In addition to the foregoing, Article 54A of the Securities Market Law requires that within two business days of the completion of the transactions pursuant to which a person has acquired control of a publicly traded company, a notice shall be published in the same newspapers in which the notice referred to above was published and notices shall be sent to the same persons mentioned in the preceding paragraphs.

A beneficial owner of ADSs intending to acquire control of LanChile will be subject to the foregoing reporting requirements.

The provisions of the aforementioned articles do not apply whenever the acquisition is being made through a tender or exchange offer.

Title XXV of the Securities Market Law on tender offers and SVS regulations provide that the following transactions shall be carried out through a tender offer:

- An offer which allows a person to take control of a publicly traded company, unless the shares are being sold by a controlling shareholder of such company at a price in cash which is not substantially higher than the market price and the shares of such company are actively traded on a stock exchange;
- An offer for all the outstanding shares of a publicly traded company upon acquiring two thirds or more of its voting shares (this offer must be made at a price not lower than the price at which appraisal rights may be exercised, that is, book value if the shares of the company are not actively traded or, if the shares of the company are actively traded, the weighted average price at which the stock has been traded during the two months immediately preceding the acquisition); and
- An offer for a controlling percentage of the shares of a listed operating company if such person intends to take control of the company (whether listed or not) controlling such operating company, to the extent that the operating company represents 75.0% or more of the consolidated net worth of the holding company.

Article 200 of the Securities Market Law prohibits any shareholder that has taken control of a publicly traded company from acquiring, for a period of 12 months from the date of the transaction that granted it control of the publicly traded company, a number of shares equal to or higher than 3.0% of the outstanding issued shares of the target without making a tender offer at a price per share not lower than the price paid at the time of taking control. Should the acquisition from the other shareholders of the company be made on the floor of a stock exchange and on a pro rata basis, the controlling shareholder may purchase a higher percentage of shares, if so permitted by the regulations of the stock exchange.

Title XV of the Securities Market Law sets forth the basis for determining what constitutes a controlling power, a direct holding and a related party.

Capitalization

Under Chilean law, the shareholders of a company, acting at an extraordinary shareholders' meeting, have the power to authorize an increase in the company's share capital. When an investor subscribes for issued shares, the shares are registered in that investor's name, even without payment therefor, and the investor is treated as a shareholder for all purposes except with regard to receipt of dividends and return of capital. The investor becomes eligible to receive dividends once it has paid for the shares, or, if it has paid for only a portion of such shares, it is entitled to receive a corresponding pro rata portion of the dividends declared with respect to such shares, unless the company's by-laws provide otherwise. If an investor does not pay for shares for which it has subscribed on or prior to the date agreed upon for payment, the company is entitled under Chilean law to auction the shares on the appropriate stock exchange, and it has a cause of action against the investor to recover the difference between the subscription price and the price received for the sale of those shares at auction. However, until such shares are sold at auction, the investor continues to exercise all the rights of a shareholder (except the right to receive dividends and return of capital). Shares issued but not paid for within the period determined by the extraordinary shareholders' meeting for their payment (which in any case cannot exceed three years from the date of such shareholders' meeting which authorizes the increase in capital) will be canceled and will no longer be available for issuance by us. Fully paid shares are not subject to further calls or assessments or to liabilities of LanChile.

At April 30, 2004, our share capital consisted of 318,909,090 common shares, all of which were subscribed and fully paid. Chilean law recognizes the right to issue common and preferred shares. To date, we have issued and are authorized by our shareholders to issue only common shares.

Preemptive Rights and Increases in Share Capital

The Chilean Corporation Law requires Chilean companies to offer existing shareholders the right to purchase a sufficient number of shares to maintain their existing percentage of ownership in a company whenever that company issues new shares for cash. Under this requirement, any preemptive rights will be offered by us to the depositary as the registered owner of the common shares underlying the ADSs, but holders of ADSs and shareholders located in the United States will not be allowed to exercise preemptive rights with respect to new issuances of shares by us unless a registration statement under the Securities Act is effective with respect to those common shares or an exemption from the registration requirements thereunder is available.

Under the procedures established by the Central Bank of Chile, a Chilean company with an existing ADR program under Chapter XXVI of the Compendium of Foreign Exchange Regulations of the Central Bank of Chile may apply to amend its foreign investment contract with such Bank so as to extend the benefits of such contract to new shares issued pursuant to preemptive rights offerings to existing ADS owners and enable them to exercise their preemptive rights. Although approval is expected to be granted upon satisfaction of certain formal requirements, any such amendment (which will be deemed to incorporate all laws and regulations applicable to international offerings in effect as of date of the amendment) will be reviewed by the Central Bank of Chile on a case-by-case basis. These procedures are expected to make it easier for Chilean companies to offer preemptive rights to ADS holders in connection with capital increases.

We intend to evaluate at the time of any preemptive rights offering the costs and potential liabilities associated with the preparation and filing of a registration statement with the Commission, as well as the indirect benefits of enabling the exercise by the holders of ADSs and shareholders located in the United States of preemptive rights and any other factors we consider appropriate at the time. No assurances can be given that any registration statement would be filed. If preemptive rights are not made available to ADS holders, the depository may sell those holders' preemptive rights and distribute the proceeds thereof if a secondary market for such rights exists and a premium can be recognized over the cost of such sale. See "Description of American Depositary Receipts—Dividends, Other Distributions and Rights". In the event that the depository does not sell such rights at a premium over the cost of any such sale, all or certain holders of ADRs may receive no value for the preemptive rights. The inability of holders of ADSs to exercise preemptive rights in respect of common shares underlying their ADSs could result in a change in their percentage ownership of common shares following a preemptive rights offering.

Under Chilean law, preemptive rights are exercisable or freely transferable by shareholders during a 30-day period commencing upon publication of the official notice announcing the start of the preemptive rights period in the newspaper designated by the shareholders. The preemptive right of the shareholders is the pro rata amount of the shares registered in their name in the shareholders' registry as of the fifth business day prior to the date of publication of the notice announcing the start of the preemptive rights period. During such 30-day period (except for shares as to which preemptive rights have been waived), Chilean companies are not permitted to offer any newly issued common shares for sale to third parties. For an additional 30-day period, Chilean publicly held corporations are not permitted to offer any unsubscribed common shares for sale to third parties on terms that are more favorable to the purchaser than those offered to shareholders. At the end of such additional 30-day period, Chilean publicly held corporations are authorized to sell non-subscribed shares to third parties on any terms, provided they are sold on a Chilean stock exchange.

Directors

Our by-laws provide for a board of nine directors. Compensation to be paid to directors must be approved by vote at the annual shareholders' meeting. We hold elections for all positions on the board of directors every two years.

Under the Chilean Corporation Law, transactions in which a director is materially interested (including a transaction in which a director proposes to borrow from the company) must be conducted on an arm's-length basis and must satisfy certain disclosure requirements. These transactions include transactions involving a director's spouse or close relatives, transactions involving other companies on whose board such director also serves or transactions with other companies where the director controls 10% of such company (directly or indirectly). Corporations may enter into transactions in which a director is materially interested if the transaction has been approved by the board of directors (which must be disclosed at the next shareholders' meeting) and is consistent with standards of fairness similar to those that normally prevail in the market. Transactions which do not meet these conditions are valid and enforceable, but each director who approved the transaction is jointly and severally liable for damages suffered by the company, the shareholders or any interested third parties, and the director who directly or indirectly benefits from the transaction must pay all benefits received from such transaction to the corporation. The directors are also subject to fines and administrative sanctions.

Whenever a transaction in which a director is materially interested exceeds 1% of the net worth of the company and exceeds the equivalent of 2,000 UF (approximately US\$53,000 as of the date of this annual report) or whenever such a transaction exceeds 20,000 UF, the board of directors of the company must determine whether the transaction complies with arm-length's conditions similar to those prevailing in the market. If the board of directors is unable to determine those conditions, the board, without the vote of the interested director, may approve or reject the transaction or may appoint two independent experts to provide an opinion. The experts' reports must indicate the terms of the transaction and in the case of non-cash assets, must indicate the planned method of payment. Experts' valuation reports must be made available to the shareholders and to the board of directors for a period of 20 business days. The board of directors may decide to approve or reject the proposed transaction only after this 20-day period has expired. If shareholders representing 5% of the voting shares determine, within the 20-day period, that the transaction is not favorable to the corporation's interests or that the reports of the experts are substantially different, those shareholders may require the board of directors to call an extraordinary shareholders' meeting. Approval of the transaction then requires the affirmative vote of two-thirds of the voting shares of the company.

Shareholders' Meetings and Voting Rights

The Chilean Corporation Law requires that an ordinary annual meeting of shareholders be held within the first four months of each year (generally they are held in April, but in any case following the preparation of our financial statements, including the report of our auditors, for the previous fiscal year). LanChile's by-laws further provide that the ordinary annual meeting of shareholders must take place between February 1 and April 30. The shareholders at the ordinary annual meeting approve the annual financial statements, including the report of our auditors, the annual report, the dividend policy and the final dividend on the prior year's profits, elect the board of directors (in our case, every two years or earlier if a vacancy occurs) and approve any other matter that does not require an extraordinary shareholders' meeting. The most recent ordinary annual meeting of our shareholders was held on April 30, 2004. Extraordinary shareholders' meetings may be called by the board of directors, if deemed appropriate, and ordinary or extraordinary shareholders' meetings must be called by the board of directors when requested by shareholders representing at least 10% of the issued voting shares or by the SVS.

Notice to convene the ordinary annual meeting or an extraordinary meeting is given by means of three notices which must be published in a newspaper of our corporate domicile (currently Santiago de Chile) designated by the shareholders at their annual meeting and, if the shareholders fail to make such designation, the notice must be published in the Official Journal pursuant to legal requirements. The first notice must be published not less than 15 days and not more than 20 days in advance of the scheduled meeting. Notice also must be mailed not less than 15 days in advance of the meeting to each shareholder and to the SVS and the Chilean stock exchanges. Currently, we publish our official notice in the newspaper *La Tercera*.

The quorum for a shareholders' meeting is established by the presence, in person or by proxy, of shareholders representing a majority of our issued common shares. If a quorum is not present, the meeting can be reconvened, and at a second meeting the shareholders present are deemed to constitute a quorum regardless of the percentage of the common shares that they represent.

Only shareholders registered with us on the fifth business day prior to the date of a meeting are entitled to attend and vote their shares. A shareholder may appoint another individual (who need not be a shareholder) as his proxy to attend and vote on his behalf. Proxies addressed to us that do not designate a person to exercise the proxy are taken into account in order to determine if there is a sufficient quorum to hold the meeting, but the shares represented thereby are not entitled to vote at the meeting. Every shareholder entitled to attend and vote at a shareholders' meeting has one vote for every share subscribed.

The following matters can only be considered at an extraordinary shareholders' meeting:

- our dissolution;
- a merger, transformation, division or other change in our corporate form or the amendment of our by-laws;
- the issuance of bonds or debentures convertible into shares;
- the conveyance of 50% or more of our assets or 50% or more of our liabilities;
- granting of a security interest or a personal guarantee, unless to secure or guarantee the obligations of a subsidiary, in which case only the approval of the board of directors will suffice; and
- other matters that require shareholder approval according to Chilean law or the by-laws.

The matters referred to in the first four items listed above may only be approved at a meeting held before a notary public, who shall certify that the minutes are a true record of the events and resolutions of the meeting.

The by-laws establish that resolutions are passed at shareholders' meetings by the affirmative vote of an absolute majority of those voting shares present or represented at the meeting. However, under the Chilean Corporation Law, the vote of a two-thirds majority of the outstanding voting shares is required to approve any of the following actions:

- a change in our corporate form, division or merger with another entity;
- amendment to our term of existence, if any;
- our early dissolution;
- change in our corporate domicile;
- decrease of our capital stock;
- approval of contributions and the assessment thereof whenever consisting of assets other than money;
- any modification of the authority reserved for the shareholders' meetings or limitations on the powers of the board of directors;
- decrease in the number of members of the board of directors;
- the conveyance of 50% or more of our assets, either including or not including our liabilities, or the submittal of, or changes to, any business plan that contemplates the conveyance of assets in an amount that exceeds the percentage mentioned above;

- the form that dividends are paid in;
- granting a security interest or a personal guarantee that exceeds 50% of our assets, unless to secure or guarantee the obligations of a subsidiary, in which case only approval of the board of directors will suffice;
- the acquisition of our own shares, when, and on the terms and conditions, permitted by law;
- all other matters provided for in the by-laws; and
- the correction of any formal defect in our incorporation or any amendment to our by-laws that refers to any of the matters indicated in the first thirteen items listed above.

Amendments to the by-laws that have the effect of establishing, modifying or eliminating any special rights pertaining to any series of shares require the consenting vote of holders of two-thirds of the shares of the affected series.

In general, Chilean law does not require a publicly held corporation to provide the level and type of information that the U.S. securities laws require a reporting company to provide to its shareholders in connection with a solicitation of proxies. However, shareholders are entitled to examine the books of the company within the 15-day period before the scheduled meeting. No later than the first notice summoning an ordinary shareholder’s meeting, the board of directors of a publicly held corporation shall send to every shareholder a copy of the annual report and the financial statements of the company. However, the SVS may authorize companies that have a large number of shareholders to limit the sending of such documents only to those shareholders who have a number of shares exceeding a certain number, and, in any case, to any shareholder that has required of the company such sending. Shareholders who do not fall into this category but who request it must be sent a copy of our annual report. In addition to these requirements, we regularly have provided, and currently intend to continue to provide, together with the notice of shareholders’ meeting, a proposal for the final annual dividend for shareholder approval. See “—Dividend and Liquidation Rights”.

The Chilean Corporation Law provides that, whenever shareholders representing 10% or more of the issued voting shares so request, a Chilean company’s annual report must include such shareholders’ comments and proposal in relation to the company’s affairs. Similarly, the Chilean Corporation Law provides that whenever the board of directors of a publicly held corporation convenes an ordinary meeting of the shareholders and solicits proxies for that meeting, or distributes information supporting its decisions or other similar material, it is obligated to include as an annex to its annual report any pertinent comments and proposals that may have been made by shareholders owning 10% or more of the company’s voting shares who have requested that such comments and proposals be included.

Dividend and Liquidation Rights

In accordance with Chilean Law, LanChile must distribute an annual cash dividend equal to at least 30% of its annual net income calculated in accordance with Chilean GAAP, unless otherwise decided by a unanimous vote of the holders of all issued shares, and unless and except to the extent it has accumulated losses. If there is no net income in a given year, LanChile can elect but is not legally obligated to distribute dividends out of retained earnings. All outstanding common shares are entitled to share equally in all dividends declared by LanChile. See “Dividends”.

LanChile may grant an option to its shareholders to receive any dividend in excess of 30% of net income in cash, in its own shares or in shares of publicly held corporations held by it. Shareholders who do not expressly elect to receive a dividend other than in cash are legally presumed to have decided to receive the dividend in cash. A U.S. holder of ADSs may, in the absence of an effective registration statement under the Securities Act or an available exemption from the registration requirement thereunder, effectively be required to receive a dividend in cash. See “—Preemptive Rights and Increases of Share Capital”.

Dividends that are declared but not paid within the appropriate time period set forth in the Chilean Corporation Law (as to minimum dividends, 30 days after declaration; as to additional dividends, the date set for payment at the time of declaration) are adjusted to reflect the change in the value of the UF. The UF is a daily indexed, Chilean peso-denominated accounting unit designed to discount the effect of Chilean inflation and it is based on the previous month’s inflation rate as officially determined. Such dividends also accrue interest at the then-prevailing rate for UF-denominated deposits during such period. The right to receive a dividend lapses if it is not claimed within five years from the date such dividend is payable.

In the event of LanChile’s liquidation, the holders of fully paid common shares would participate pro rata in the distribution of assets remaining after payment of all creditors. Holders of shares not fully paid will participate in such distribution in proportion to the amount paid.

Approval of Financial Statements

The board of directors is required to submit our consolidated financial statements to the shareholders for their approval at the annual ordinary shareholders’ meeting. If the shareholders reject the financial statements, the board of directors must submit new financial statements not later than 60 days from the date of that meeting. If the shareholders reject the new financial statements, the entire board of directors is deemed removed from office and a new board is elected at the same meeting. Directors who approved such financial statements are disqualified for re-election for the ensuing period.

Right of Dissenting Shareholders to Tender Their Shares

The Chilean Corporation Law provides that, upon the adoption at an extraordinary meeting of shareholders of any of the resolutions enumerated below, dissenting shareholders acquire the right to withdraw and to compel the company to repurchase their shares, subject to the fulfillment of certain terms and conditions. However, such right shall be suspended if we are declared bankrupt or are subject to a creditor’s agreement pursuant to Title XII of the Chilean Bankruptcy Law. In the case of holders of ADRs, however, in order to exercise such rights, holders of ADRs would be required to first withdraw the common shares represented by the ADRs pursuant to the terms of the deposit agreement. Such holders of ADRs would need to perfect the withdrawal of the common shares on or before the fifth business day prior to the date of the meeting.

“Dissenting shareholders” are defined as those who attend a shareholders’ meeting and vote against a resolution which results in the withdrawal right, or, if absent at such a meeting, those who state in writing to the company their opposition to such resolution within the following 30 days. Dissenting shareholders must perfect their withdrawal rights by tendering their stock to the company within 30 days after adoption of the resolution.

The price paid to a dissenting shareholder of a publicly held corporation is the weighted average of the sales prices for the shares as reported on the Chilean stock exchanges on which the shares are quoted for the two-month period preceding the event giving rise to the withdrawal right. If, because of the volume, frequency, number and diversity of the buyers and sellers, the SVS determines that the shares are not shares actively traded on a stock exchange (*acciones de transacción bursátil*), the price paid to the dissenting shareholder is the book value. Book value for this purpose equals paid capital plus reserves and profits, less losses, divided by the total number of subscribed shares (whether entirely or partially paid). For the purpose of making this calculation, the last annual balance sheet is used and adjusted to reflect inflation up to the date of the shareholders’ meeting that gave rise to the withdrawal right.

The resolutions that result in a shareholder’s right to withdraw are the following:

- the transformation of the company into an entity that is not a publicly held corporation governed by the Chilean Corporation Law;
- the merger of the company with or into another company;
- the conveyance of 50% or more of the assets of the company, whether or not such sale includes the company’s liabilities;
- the creation of preferential rights for a class of shares or an amendment to those already existing, in which case the right to withdraw only accrues to the dissenting shareholders of the class or classes of shares adversely affected;
- the correction of any formal defect in the incorporation of the company or any amendment to the company’s by-laws that grants the right to withdraw;
- the granting of security interests or personal guarantees to secure or guarantee third parties’ obligations exceeding 50% of the company’s assets, except with regard to subsidiaries;
- resolutions of the shareholders’ meeting approving the deregistration of the company from the Securities Registry of the SVS; and
- such other causes as may be established by the company’s by-laws (no such additional resolutions currently are specified in our by-laws).

In addition, shareholders of publicly held corporations have the right to withdraw if a person acquires two-thirds or more of the outstanding shares of such corporation and does not make a tender offer for the remaining shares within 30 days after acquisition.

Under Article 69(bis) of the Chilean Corporation Law, the right to withdraw also is granted to shareholders (other than pension funds that administer private pension plans under the national pension law), under certain terms and conditions, if a company were to become controlled by the Chilean government, directly or through any of its agencies, and if two independent rating agencies downgrade the rating of its stock from first class because of certain actions specified in Article 69(bis) undertaken by the company or the Chilean government that affect negatively and substantially the earnings of the company. Shareholders must perfect their withdrawal rights by tendering their shares to the company within 30 days of the date of the publication of the new rating by two independent rating agencies. If the withdrawal right is exercised by a shareholder invoking Article 69(bis), the price paid to the dissenting shareholder shall be the weighted average of the sales price for the shares as reported on the stock exchanges on which the company’s shares are quoted for the six-month period preceding the publication of the new rating by two independent rating agencies. If, as previously described, the SVS determines that the shares are not actively traded on a stock exchange, the price shall be the book value calculated as described above.

There is no legal precedent as to whether a shareholder that has voted both for and against a proposal (such as the depositary) may exercise withdrawal rights with respect to the shares voted against the proposal. As such, there is doubt as to whether holders of ADRs who have not surrendered their ADRs and withdrawn common shares on or before the fifth business day prior to the

shareholder meeting will be able to exercise withdrawal rights either directly or through the depositary with respect to the shares represented by ADRs. Under the provisions of the deposit agreement the depositary will not exercise these withdrawal rights.

Registration and Transfers

The *Depósito Central de Valores*, or the DCV, acts as LanChile’s registration agent. In the case of jointly owned common shares, an attorney-in-fact must be appointed to represent the joint owners in dealings with us.

Material Contracts

In 1998, we entered into a purchase agreement with Airbus Industrie for acquisition of 20 Airbus A320 aircraft, followed by an additional contract for seven Airbus A340s that we entered into in 1999. Both contracts provide us with the option of purchasing additional aircraft in the future. As of December 31, 2003, we have taken delivery of 14 Airbus A320s, and four Airbus A340s and two Airbus A319s. Given the flexibility incorporated into these contracts, we have extended the delivery dates for some of the remaining aircraft until 2008. Additionally, we have changed our remaining short-haul aircraft order from the Airbus A320 model to the Airbus A319 model. The remaining estimated value of the Airbus aircraft for which we have firm commitments to take delivery under the contract is approximately US\$592 million.

In 2004, we entered into an amendment to our master purchase agreement with The Boeing Company to acquire two Boeing 767-316F freighters for a total combined gross purchase price of approximately US\$278 million. The gross purchase price for each aircraft will be increased for certain equipment we will purchase and Boeing will install on each of the aircraft. The gross price is also subject to increase by an “Escalation Factor” to reflect increases in the U.S. employment cost and producer prices indices between the time the gross price was set and the period six months prior to the delivery of such aircraft. Under the terms of the purchase agreement, we are currently scheduled to take delivery of the first of the two aircraft in July 2005 and the second in October 2005.

Boeing has also granted us certain price concessions with regard to the 767-316Fs and will issue credit memoranda to us in the amount of such concessions, which we may apply toward the purchase of goods and services from Boeing or toward certain payments in respect of the purchase of the aircraft. Boeing has also agreed to provide us with certain allowances for promotional and other activities, as well as providing certain other goods and services to us on concessionary terms.

We plan to finance the purchase of the two Boeing 767-316Fs through a credit facility provided by international financial institutions supported by partial guarantees issued by the Export-Import Bank of the United States. We expect the terms and documentation of the financing to be substantially similar to the other Ex-Im guaranteed facilities that we have entered into with respect to the financing of other Boeing aircraft we have incorporated into our fleet. As a result of the acquisition of the two new Boeing 767-316F freighters, our capital expenditures for 2005 will increase by approximately US\$170 million, to a total of US\$477 million.

For more information, see “Information on the Company—Fleet—General” under Item 4 and “Operating and Financial Review and Prospects—Liquidity and Capital Resources” under Item 5.

Foreign Investment and Exchange Controls in Chile

The Central Bank of Chile is responsible, among other things, for monetary policies and exchange controls in Chile. Equity investments, including investments in shares of stock by persons who are non-Chilean residents, are generally subject to various exchange control regulations restricting the repatriation of their investments and the earnings thereon.

On April 16, 2001, the Central Bank of Chile agreed that, effective April 19, 2001:

- prior foreign exchange restrictions would be eliminated; and
- a new Compendium of Foreign Exchange Regulations (*Compendio de Normas de Cambios Internacionales*) would be applied.

The main objective of these amendments, as declared by the Central Bank of Chile, is to facilitate movement of capital in and out of Chile and to encourage foreign investment.

In connection with the change in policy, the Central Bank of Chile eliminated the following restrictions:

- a reserve requirement with the Central Bank of Chile for a period of one year (this mandatory reserve was imposed on foreign loans and funds brought into Chile to purchase shares other than those acquired in the establishment of a new company or in the capital increase of the issuing company; the reserve requirement was gradually decreased from 30% of the proposed investment to 0%);
- the requirement of prior approval by the Central Bank of Chile for certain operations;
- mandatory return of foreign currencies to Chile; and
- mandatory conversion of foreign currencies into Chilean pesos.

Under the new regulations, only the following limitations apply to these operations:

- the Central Bank of Chile must be provided with information related to certain operations; and
- certain operations must be conducted with the Formal Exchange Market.

The Central Bank of Chile also eliminated Chapter XXVI of the Compendium of Foreign Exchange Regulations, which regulated the establishment of an ADR facility by a Chilean company. Pursuant to the new rules, it is no longer necessary to seek the Central Bank of Chile’s prior approval in order to establish an ADR facility nor to enter into a foreign investment contract with the Central Bank of Chile. The establishment of an ADR facility is now regarded as an ordinary foreign investment, and simply requires that the Central Bank of Chile be informed of the transaction pursuant to Chapter XIV of the Compendium of Foreign Exchange Regulations and that the transaction be conducted exclusively through the Formal Exchange Market.

According to Chapter XIV of the Compendium of Foreign Exchange Regulations, if the funds to purchase the common shares underlying the ADSs are brought into Chile, the depositary, on behalf of foreign investors, must deliver to the entity of the Formal Exchange Market participating in the transaction an annex providing information about the transaction, together with a letter instructing such participant to deliver the foreign currency or the peso equivalent thereof, on or before the date on which the foreign currency is brought into Chile. If foreign investors do not bring the funds to purchase the common shares underlying the ADSs into Chile, the depositary, on behalf of the foreign investors, must provide the same information to the Central Bank of Chile directly or through an entity of the Formal Exchange Market within 10 days following the date on which the payment was made. Repatriation of amounts received with respect to deposited common shares or common shares withdrawn from deposit on surrender of ADRs (including amounts received as cash dividends and proceeds from the sale in Chile of the underlying common shares and any rights arising from them) must be made through the Formal Exchange Market. The entity of the Formal Exchange Market participating in the repatriation must provide certain information to the Central Bank of Chile on the next banking business day. In the event the payments are made outside of Chile, foreign investors must provide the relevant information to the Central Bank of Chile directly through an entity of the Formal Exchange Market within ten days following the date on which the payment was made.

Under Chapter XIV of the Compendium of the Foreign Exchange Regulations of the Central Bank of Chile, payments and remittances of funds from Chile are governed by the rules in effect at the time payment or remittance is made. Therefore, any change made to Chilean laws and regulations after the date hereof may affect foreign investors who have acquired ADSs. We cannot assure you that new regulations of the Central Bank of Chile or legislative changes to the current foreign exchange control regime in Chile will not affect our ability to remit foreign currency to make the relevant payments. For example, until June 26, 1998, the Compendium of Foreign Exchange Regulations required foreign investors acquiring shares or securities in Chile to maintain a mandatory reserve for one year in the form of an *encaje*, a non-interest bearing U.S. deposit with the Central Bank of Chile in an amount equal to 30% of the proposed investment. Alternatively, foreign investors could satisfy the reserve requirement by paying the Central Bank of Chile a non-refundable amount determined based on the amount that such investors would have had to deposit. On June 26, 1998, the mandatory reserve was reduced to 10%, and on September 17, 1998, it was reduced to 0%. Despite this reduction in the *encaje*, the Central Bank of Chile may reinstate the reserve at any time in an amount up to 40% of the proposed investment, and we cannot guarantee that the Central Bank of Chile will not do so. However, under current Chilean law, any reinstatement would apply only to those investments for which proceeds have been made available to foreign investors subsequent to the time of such reinstatement.

The ADSs representing common shares of LanChile offered under our November 6, 1997 initial public offering are subject to our Foreign Investment Contract, which guarantees ADS investors under our initial public offering access to the Formal Exchange Market to convert amounts from Chilean pesos into U.S. dollars and repatriate amounts received with respect to deposited common shares or common shares withdrawn from deposit or surrender of ADRs (including amounts received as cash dividends and proceeds from the sale in Chile of the underlying common shares and any rights arising from them). The guarantee of access to the Formal Exchange Market under the Foreign Investment Contract will be extended to the participants in the ADS offering if the following requirements are met:

- the funds to purchase the common shares underlying the ADSs are brought into Chile and converted into Chilean pesos through the Formal Exchange Market;
- the purchase of the underlying common shares is made on a Chilean stock exchange; and
- within five business days from conversion of the funds into Chilean pesos, the Central Bank of Chile is informed that the conversion funds were used to purchase the underlying common shares.

The following is a summary of material provisions of the Foreign Investment Contract, a form of which was filed as an exhibit to the registration statement on Form F-1 (File No. 333-7750) that we filed on October 10, 1997 in connection with our November 6, 1997 offering. This summary is not complete and is qualified in its entirety by reference to Chapter XXVI and the Foreign Investment Contract.

Under Chapter XXVI and the Foreign Investment Contract, the Central Bank of Chile agreed to grant to the depositary, on behalf of ADR holders, and to any investor not residing or domiciled in Chile who withdraws common shares upon surrender of ADRs, access to the Formal Exchange Market to convert Chilean pesos into U.S. dollars (and to remit those dollars outside Chile) in respect of common shares represented by ADSs or withdrawn shares, including amounts received as:

- cash dividends;
- proceeds from the sale in Chile of withdrawn shares or from shares distributed as a result of a liquidation, merger or consolidation of LanChile (subject to receipt by the Central Bank of Chile of a certificate from the holder of the withdrawn shares or the distributed shares (or from an institution authorized by the Central Bank of Chile) that the holder's residence and domicile are outside of Chile, and a certificate from a Chilean stock exchange (or from a brokerage or securities firm established in Chile) that the withdrawn shares or the distributed shares were sold on a Chilean stock exchange);
- proceeds from the sale in Chile of preemptive rights to subscribe for additional common shares;
- proceeds from the liquidation, merger or consolidation of LanChile;
- proceeds from the sale in Chile of common shares received as a dividend; and
- other distributions, including those in respect of any recapitalization resulting from holding common shares represented by ADSs or withdrawn shares.

Chapter XXVI provides that access to the Formal Exchange Market in connection with dividend payments is conditioned on our certifying to the Central Bank of Chile that a dividend payment has been made and that any applicable tax has been withheld. We agreed to provide this certification. Chapter XXVI also provides that access to the Formal Exchange Market in connection with the sale of withdrawn shares, or distribution on them, is conditioned upon receipt by the Central Bank of Chile of a certification by the depositary or custodian, as the case may be, that the common shares have been withdrawn in exchange for delivery of the appropriate ADRs and receipt of a waiver of the benefit of the Foreign Investment Contract with respect to them (except in connection with the proposed sale of the common shares) until the withdrawn shares are redeposited.

Chapter XXVI and the Foreign Investment Contract provide that a person who brings foreign currency into Chile to purchase common shares pursuant to the Foreign Investment Contract must convert that foreign currency into Chilean pesos on the date of entry into Chile, and must invest in common shares within five banking business days in order to receive the benefits of the Foreign Investment Contract. If a person does not invest in common shares within that period, that person can access the Formal Exchange Market to reacquire foreign currency, provided that the request is presented to the Central Bank of Chile within seven banking business days of the initial conversion into pesos. Common shares acquired as described above may be deposited in exchange for ADRs and will receive the benefits of the Foreign Investment Contract, subject to:

- receipt by the Central Bank of Chile of a certificate from the depositary that the common shares have been deposited and that the related ADRs have been issued; and
- receipt by the custodian of a declaration from the person making the deposit waiving the benefits of the Foreign Investment Contract with respect to the deposited common shares.

Access to the Formal Exchange Market under any of the circumstances described above is not automatic. Pursuant to Chapter XXVI, such access required approval of the Central Bank of Chile based on a request presented through a banking institution established in Chile. The Foreign Investment Contract provides that if the Central Bank of Chile has not acted on the request within seven banking days, the request is deemed approved.

Under current Chilean law, the Foreign Investment Contract cannot be changed unilaterally by the Central Bank of Chile. No assurance can be given, however, that additional Chilean restrictions applicable to the holders of ADRs, the disposition of underlying common shares or the repatriation of proceeds from their disposition will not be imposed in the future, nor can there be any assessment of the duration of impact of any restrictions that might be imposed.

Voting Rights

Holders of our common shares may instruct the depositary to vote the shares underlying their ADRs. If we ask holders for instructions, the depositary will notify such holders of the upcoming vote and arrange to deliver our voting materials to such holders. The materials will describe the matters to be voted on and explain how holders may instruct the depositary to vote the shares or other deposited securities underlying their ADSs as they direct by a specified date. For instructions to be valid, the depositary must receive them on or before the date specified. The depositary will try, as far as practical, subject to Chilean law and the provisions of our by-laws, to vote or to have its agents vote the shares or other deposited securities as holders instruct. Otherwise, holders will not be able to exercise their right to vote unless they withdraw the shares. However, holders may not know about the meeting far enough in advance to withdraw the shares. We will use our best efforts to request that the depositary notify holders of upcoming votes and ask for their instructions.

If the depositary does not receive voting instructions from a holder by the specified date, it will consider such holder to have authorized and directed it to give a discretionary proxy to a person designated by our board of directors to vote the number of deposited securities represented by such holder's ADSs. The depositary will give a discretionary proxy in those circumstances to vote on all questions to be voted upon unless we notify the depositary that:

- we do not wish to receive a discretionary proxy;
- we think there is substantial shareholder opposition to the particular question; or
- we think the particular question would have an adverse impact on our shareholders.

The depositary will only vote or attempt to vote as such holder instructs or as described above.

We cannot assure holders that you they receive the voting materials in time to ensure that they can instruct the depositary to vote their shares. This means that holders may not be able to exercise their right to vote and there may be nothing they can do if their shares are not voted as they requested.

Exchange Rates

Prior to 1989, Chilean law permitted the purchase and sale of foreign exchange only in those cases explicitly authorized by the Central Bank of Chile. The Central Bank Act liberalized the rules that govern the ability to buy and sell foreign currency. The Central Bank Act empowers the Central Bank of Chile to determine that certain purchases and sales of foreign currency specified by law must be carried out exclusively in the Formal Exchange Market, which is made up of the banks and other entities authorized by the Central Bank of Chile. All payments and distributions with respect to the ADSs must be conducted exclusively in the Formal Exchange Market.

For purposes of the operation of the Formal Exchange Market, the Central Bank of Chile sets a reference exchange rate (*dólar acuerdo*). The Central Bank of Chile resets the reference exchange rate monthly, taking internal and external inflation into account, and adjusts the reference exchange rate daily to reflect variations in parities between the Chilean peso, the U.S. dollar, the Japanese yen and the European euro.

The observed exchange rate is the average exchange rate at which transactions were actually carried out in the Formal Exchange Market on a particular day, as certified by the Central Bank of Chile on the next banking day.

Prior to September 3, 1999, the Central Bank of Chile was authorized to buy or sell dollars in the Formal Exchange Market to maintain the observed exchange rate within a specified range above or below the reference exchange rate. On September 3, 1999, the Central Bank of Chile eliminated the exchange band. As a result, the Central Bank of Chile may buy and sell foreign exchange in the Formal Exchange Market in order to maintain the observed exchange rate at a level the Central Bank of Chile determines.

Purchases and sales of foreign exchange may be effected outside the Formal Exchange Market through the Informal Exchange Market, (*Mercado Cambiario Informal*) established by the Central Bank in 1990. There are no limits on the extent to which the rate of exchange in the Informal Exchange Market can fluctuate above or below the observed exchange rate.

Although our results of operations have not been significantly affected by fluctuations in the exchange rates between the peso and the U.S. dollar because our functional currency is the U.S. dollar, we are exposed to foreign exchange losses and gains due to exchange rate fluctuations. Even though the majority of our revenues are denominated in or pegged to the U.S. dollar, the Chilean government’s economic policies affecting foreign exchange and future fluctuations in the value of the peso against the U.S. dollar could adversely affect our results of operations and an investor’s return on an investment in ADSs.

Chilean Taxation

The following discussion relates to Chilean income tax laws presently in force, including Ruling No. 324 of January 29, 1990 of the Chilean Internal Revenue Service and other applicable regulations and rulings in effect on the date of this prospectus, all of which are subject to change. The discussion summarizes the principal Chilean income tax consequences of an investment in the ADSs or common shares by a person who is neither domiciled in, nor a resident of, Chile or by a legal entity that is not organized under the laws of Chile and does not have a permanent establishment located in Chile (such an individual or entity is referred to herein as a Foreign Holder). For purposes of Chilean tax law, an individual holder is a resident of Chile if such person has resided in Chile for more than six consecutive months in one calendar year or for a total of six months, whether consecutive or not, in two consecutive tax years. The discussion is not intended as tax advice to any particular investor, which can be rendered only in light of that investor’s particular tax situation. PROSPECTIVE PURCHASERS SHOULD CONSULT THEIR TAX ADVISERS ABOUT THE CHILEAN TAX CONSEQUENCES TO THEM OF THE PURCHASE, OWNERSHIP AND DISPOSITION OF ADSs OR SHARES.

Under Chilean law, provisions contained in statutes such as tax rates applicable to foreign investors, the computation of taxable income for Chilean purposes and the manner in which Chilean taxes are imposed and collected may only be amended by another statute. In addition, the Chilean tax authorities enact rulings and regulations of either general or specific application and interpret the provisions of Chilean tax law. Chilean tax may not be assessed retroactively against taxpayers who act in good faith relying on such rulings, regulations and interpretations, but Chilean tax authorities may change these rulings, regulations and interpretations prospectively. There is no income tax treaty in force between Chile and the United States.

Cash Dividends and Other Distributions.

Cash dividends we pay with respect to the ADSs or common shares held by a Foreign Holder will be subject to a 35% Chilean withholding tax, which we withhold and pay over to the Chilean tax authorities and which we refer to as the Withholding Tax. A credit against the Withholding Tax is available based on the level of corporate income tax we actually pay on the income to be distributed (referred to herein as the First Category Tax); however, this credit does not reduce the Withholding Tax on a one-for-one basis because it also increases the base on which the Withholding Tax is imposed. If we register net income but taxable losses, no credit against the Withholding Tax will be available. In addition, if we distribute less than all of our distributable income, the credit for First Category Tax we pay is proportionately reduced. Presently, the First Category Tax rate is 17%. In general, the example below illustrates the effective Chilean Withholding Tax burden on a cash dividend received by a Foreign Holder, assuming a Withholding Tax rate of 35%, an effective First Category Tax rate of 17% the actual payment of such First Category Tax at that 17% rate and a distribution of 30% of the consolidated net income of the Company after payment of the First Category Tax:

The Company's taxable income	100.00
First Category Tax (17% of Ch\$100)	(17)
Net distributable income	83.00
Dividend distributed (30% of net distributable income)	24.9
Withholding Tax (35% of the sum of Ch\$24.9 dividend plus Ch\$5.1 First Category Tax paid)	(10.5)
Credit for 30% of First Category Tax	5.1
Net tax withheld	(5.4)
Net dividend received	19.5
Effective dividend withholding rate	21.69%

In general, the effective dividend Withholding Tax rate, after giving effect to the credit for the First Category Tax, can be calculated using the following formula:

$$\frac{(\text{Withholding Tax rate}) - (\text{First Category Tax effective rate})}{1 - (\text{First Category Tax effective rate})}$$

Under Chilean income tax law, dividends generally are assumed to have been paid out of our oldest retained profits for purposes of determining the level of First Category Tax that we paid. The effective rate of Withholding Tax to be imposed on dividends we pay will vary depending upon the amount of First Category Tax we paid on the earnings to which the dividends are attributed. The effective withholding tax rate for dividends attributed to earnings from 1991 until 2001, for which the First Category Tax rate was 15%, will be 23.5%. For 2002, the First Category Tax rate was 16.0%, which results in an effective rate of 22.62%. In 2003, the First Category Tax rate was 16.5%, which results in an effective rate of 22.16%, and from 2004 onwards, the First Category Tax rate is 17%, which results in an effective rate of Withholding Tax of 21.69%.

For dividends attributable to our profits during years when the First Category Tax was 10% (before 1991), the effective rate will be 27.8%. However, whether the First Category Tax is 10%, 15%, 16%, 16.5% or 17%, the effective overall combined tax rate imposed on our distributed profits will be 35%. In the event that profits from previous years are not sufficient to cover a particular dividend, and the dividend is attributable to the current year, we will generally withhold tax from the dividend at the full 35% rate. If the withholding is determined to be excessive taking into account First Category Tax, holders may file for a refund.

Dividend distributions made in property would be subject to the same Chilean tax rules as cash dividends based on the fair market value of such property. Stock dividends and the distribution of preemptive rights are not subject to Chilean taxation.

Capital Gains

Gain from the sale or other disposition by a Foreign Holder of ADRs evidencing ADSs outside Chile will not be subject to Chilean taxation. The deposit and withdrawal of common shares in exchange for ADRs will not be subject to any Chilean taxes.

Gain recognized on a sale or exchange of common shares (as distinguished from sales or exchanges of ADRs evidencing ADSs representing such common shares) may be subject to both the First Category Tax and the Withholding Tax (the former being creditable against the latter) if:

- the Foreign Holder has held the common shares for less than one year since exchanging ADSs for the Shares;
- the Foreign Holder acquired and disposed of the common shares in the ordinary course of its business or as a habitual trader of shares; or
- the Foreign Holder and the purchaser of the common shares are “related parties” within the meaning of Article 17, Number 8, of the Chilean Income Tax Law.

In all other cases, gain on the disposition of common shares will be subject only to a capital gains tax which is assessed at the same rate as the First Category Tax (currently imposed at a rate of 17%). Gain recognized in the transfer of common shares that have a high presence in the stock exchange, however, is not subject to capital gains tax in Chile, provided that the common shares are transferred in a local stock exchange, in other authorized stock exchanges or within the process of a public tender of common shares governed by the Securities Market Law. The common shares must also have been acquired either in a stock exchange, within the process of a public tender of common shares governed by the Securities Market Law, in an initial public offer of common shares resulting from the formation of a corporation or a capital increase of the same, or in an exchange of convertible bonds. Shares are considered to have a high presence in the stock exchange when they:

- are registered in the Securities Registry;
- are registered in a Chilean Stock exchange; and
- have an adjusted presence equal to or above 25%.

To calculate the adjusted presence of a particular share, the aforementioned regulation first requires a determination of the number of days in which the operations regarding the stock exceeded, in Chilean pesos, the equivalent of 200 Unidades de Fomento (approximately US\$5,400 as of March 31, 2004) within the previous 180 business days of the stock market. That number must then be divided by 180, multiplied by 100, and expressed in a percentage value. This tax regime does not apply if the transaction involves an amount of shares that would allow the acquirer to take control of the publicly traded corporation, in which case the ordinary tax regime referred to in the previous paragraph will apply, unless the transfer is part of a tender offer governed by the Securities Market Law or the transfer is done on a Chilean stock exchange, without substantially exceeding the market price.

Capital gains obtained in the sale of shares that are publicly traded and have a high presence in a stock exchange are also exempt from capital gains tax in Chile when the sale is made by “foreign institutional investors” such as mutual funds and pension funds, provided that the sale is made in a stock exchange or in accordance with the provisions of the Securities Market Law, or in

any other form authorized by the SVS. To qualify as a foreign institutional investor, an entity must be formed outside of Chile, not have a domicile in Chile, and must be at least one of the following:

- an investment fund that offers its common shares or quotas publicly in a country with investment grade public debt, according to a classification performed by an international risk classification entity registered with the SVS;
- an investment fund registered with a regulatory agency or authority from a country with investment grade public debt, according to a classification performed by an international risk classification entity registered with the SVS, provided that its investments in Chile constitute less than 30% of the share value of the fund, including deeds issued abroad representing Chilean securities, such as ADRs of Chilean companies;
- an investment fund whose investments in Chile represent less than 30% of the share value of the fund, including deeds issued abroad representing Chilean securities, such as ADRs of Chilean companies, provided that not more than 10% of the share value of the fund is directly or indirectly owned by Chilean residents;
- a pension fund that is formed exclusively by natural persons that receive pensions out of an accumulated capital in the fund;
- a Foreign Capital Investment Fund, as defined in Law No. 18,657; or
- any other foreign institutional investor that complies with the requirements set forth in general regulations for each category of investor or prior information from the SVS and the Chilean tax authority, the *Servicio de Impuestos Internos*, or the SII.

The foreign institutional investor must not directly or indirectly participate in the control of the corporations issuing the shares it invests in, nor possess or participate in 10% or more of the capital or the profits of such corporations.

Another requirement for the exemption is that the foreign institutional investor must execute a written contract with a bank or a stock broker incorporated in Chile. In this contract, the bank or stock broker must undertake to execute purchase and sale orders, verify the applicability of the tax exemption and inform the SII of the investors it works with and the transactions it performs. Finally, the foreign institutional investor must register with the SII by means of a sworn statement issued by such bank or stock broker.

The tax basis of common shares received in exchange for ADRs will be the acquisition value of the common shares on the date of exchange. The valuation procedure set forth in the deposit agreement, which values common shares which are being exchanged at the highest price at which they trade on the Santiago Stock Exchange on the date of the exchange, will determine the acquisition value for this purpose. Consequently, the surrender of ADRs for common shares and the immediate sale of the common shares for the value established under the Deposit Agreement will not generate a capital gain subject to taxation in Chile.

The exercise of preemptive rights relating to the common shares will not be subject to Chilean taxation. Any gain on the sale of preemptive rights relating to the common shares will be subject to both the First Category Tax and the Withholding Tax (the former being creditable against the latter).

Other Chilean Taxes

There are no Chilean inheritance, gift or succession taxes applicable to the ownership, transfer or disposition of ADSs by a Foreign Holder, but such taxes generally will apply to the transfer at death or by gift of the common shares by a Foreign Holder. There are no Chilean stamp, issue, registration or similar taxes or duties payable by Foreign Holders of ADSs or common shares.

Withholding Tax Certificates

Upon request, we will provide to Foreign Holders appropriate documentation evidencing the payment of the Chilean Withholding Tax (net of the applicable First Category Tax).

United States Federal Income Tax Considerations

The following is a summary of the material U.S. federal income tax considerations that are likely to be relevant to the purchase, ownership and disposition of our common shares and ADSs by a beneficial owner that is a citizen or resident of the United States or a U.S. domestic corporation or that otherwise will be subject to U.S. federal income taxation on a net income basis in respect of such common shares or ADSs. In this prospectus, we refer to these owners of common shares and ADSs as U.S. Holders. This summary is not a comprehensive discussion of all of the tax considerations that may be relevant to your decision to purchase ADSs or common shares. In particular, this discussion is directed only to U.S. Holders that will hold ADSs or common shares as capital assets and it does not address any special United States tax consequences that may be applicable to U.S. Holders that are subject to special treatment under the United States Internal Revenue Code of 1986, as amended, commonly referred to as the Code, such as dealers in securities or currencies, traders in securities electing to mark to market, financial institutions, life insurance companies, tax exempt entities, holders of 10 percent or more of our voting common shares, persons holding common shares or ADSs as part of a hedging or conversion transaction or a straddle or persons whose functional currency is not the U.S. dollar. Prospective purchasers are advised to satisfy themselves as to the overall U.S. federal, state and local tax consequences of their ownership of ADRs and the underlying common shares by consulting their own tax advisors.

The statements of United States tax laws set out below are based on the laws in force as of the date this prospectus was filed and may be subject to changes in United States law occurring after that date, including changes that may have retroactive effect.

ADRs

In general, if you are a U.S. Holder of ADRs evidencing our ADSs, you will be treated, for U.S. federal income tax purposes, as the beneficial owner of the underlying common shares that are represented by those ADSs and evidenced by those ADRs.

Taxation of Dividends

If you are a U.S. Holder, distributions of cash or property (other than common stock, if any, distributed pro rata to all of our shareholders, including holders of ADSs) paid out of our current or accumulated earnings and our profits (as determined for United States federal income tax purposes) with respect to common shares or ADSs, including the net amount of the Chilean Withholding Tax withheld on the distribution (after taking into account the credit for the First Category Tax), will be includible in your gross income as ordinary income on the day on which you receive the dividends, in the case of common shares, or the date the depository receives the dividends, in the case of common shares represented by ADSs, and will not be eligible for the dividends received deduction allowed to corporations under the Code. If you are a U.S. Holder, dividends paid in pesos generally will be includible in your income in a U.S. dollar amount calculated by reference to the exchange rate in effect on the day you receive the dividends, in the case of common shares, or the date the depository receives the dividends, in the case of common shares represented by ADSs. U.S. Holders should consult their own tax advisors regarding the treatment of foreign currency gain or loss, if any, on any pesos received which are converted into U.S. dollars after they are received. To the extent that the amount of any distribution exceeds our current and accumulated earnings and profits as determined for U.S. federal income tax purposes, a U.S. Holder's pro rata share of such excess amounts will be treated first as a nontaxable return of capital to the extent of such U.S. Holder's tax basis in the common shares or ADSs and, thereafter, as capital gain.

Subject to certain exceptions for short-term (60 days or less) and hedged positions, the U.S. dollar amount of dividends received by an individual prior to January 1, 2009 with respect to the ADSs will be subject to taxation at a maximum rate of 15% if the dividends are "qualified dividends". Dividends paid on the ADSs will be treated as qualified dividends if:

- the ADSs are readily tradable on an established securities market in the United States; and
- we were not, in the year prior to the year in which the dividend was paid, and are not, in the year in which the dividend is paid, a passive foreign investment company (or PFIC), foreign personal holding company (or FPHC), or foreign investment company (or FIC).

In addition, the Internal Revenue Service, or IRS, is expected to issue certification procedures in 2004 whereby a non-U.S. corporation will have to certify as to the eligibility of its dividends for the reduced U.S. federal income tax rate. The ADSs are listed on the New York Stock Exchange, and will qualify as readily tradable on an established securities market in the United States so long as they are so listed. Moreover, based on our audited financial statements and relevant market and shareholder data, we believe that we were not treated as a PFIC, FPHC or FIC for U.S. federal income tax purposes with respect to our 2003 taxable year. In addition, based on our audited financial statements and our current expectations regarding the value and nature of our assets, the sources and nature of our income, and relevant market and shareholder data, we do not anticipate becoming a PFIC, FPHC or FIC for our 2004 taxable year. Therefore, this disclosure assumes that we are not a PFIC, FPHC or FIC. Based on existing guidance, it is not clear whether dividends received with respect to the common shares will be treated as qualified dividends, because the common shares are not themselves listed on a U.S. exchange. Holders should consult their own tax advisers regarding the availability of the reduced dividend tax rate in the light of their own particular circumstances.

Subject to generally applicable limitations and conditions under the Code, Chilean Withholding Tax withheld from dividends (after taking into account the credit for the First Category Tax, when it is available) will be treated as a foreign income tax eligible for credit against a U.S. Holder's U.S. federal income tax liability. If the amount of Chilean Withholding Tax initially withheld from a dividend is determined to be excessive, however (as described above under "Taxation—Chilean Taxation—Dividends and Other Distributions), the excess tax will not be creditable. For purposes of calculating the foreign tax credit, dividends paid on the common shares will generally constitute foreign source "passive income" or, in the case of certain U.S. Holders, "financial

services income”. U.S. Holders are not allowed foreign tax credits for withholding taxes imposed in respect of certain short-term or hedged positions in securities or in respect of arrangements in which their expected economic profit is insubstantial. U.S. Holders should consult their own advisors concerning the implications of these rules in light of their particular circumstances.

U.S. Holders that receive distributions of additional common shares or rights to subscribe for common shares as part of a pro rata distribution to all our shareholders generally will not be subject to U.S. federal income tax in respect of the distributions.

A holder of ADSs or common shares that is a foreign corporation or a non-resident alien individual generally will not be subject to U.S. federal income or withholding tax on dividends received on ADSs or common shares, unless that income is effectively connected with the conduct by the Non-U.S. Holder of a trade or business in the United States.

Taxation of Capital Gains or Losses

If you realize gain or loss on the sale, exchange or other disposition of ADSs or common shares, that gain or loss will be capital gain or loss and generally will be long-term capital gain or loss if the ADS or common shares have been held for more than one year. Long-term capital gain realized by a U.S. Holder that is an individual generally is subject to a reduced tax rate. The deductibility of capital losses is subject to significant limitations.

Any gain or loss a U.S. Holder realizes on such a sale, exchange, or other disposition will generally be treated as U.S. source income or loss for U.S. foreign tax credit purposes. Consequently, in the case of a disposition of common shares (which, unlike a disposition of ADSs, would be taxable in Chile), a U.S. Holder generally would not be able to utilize foreign tax credits in respect of any Chilean tax imposed on the disposition (see “Taxation — Chilean Taxation — Capital Gains) unless the U.S. Holder has other income from foreign sources, in the appropriate category, for purposes of the foreign tax credit limitation rules. U.S. Holders should consult their own tax advisors regarding the application of the foreign tax credit limitation rules to their investment in, and disposition of, the ADSs and common shares.

Deposits and withdrawals of common shares by U.S. Holders in exchange for ADSs will not result in the realization of gain or loss for U.S. federal income tax purposes.

A holder of ADSs or common shares that is a foreign corporation or a non-resident alien individual generally will not be subject to U.S. federal income tax on a gain from the sale or other disposition of ADSs or common shares unless:

- the gain is effectively connected with the conduct of a trade or business within the United States, or
- in the case of a gain realized by a holder that is an individual, the holder is present in the United States for 183 days or more in the taxable year of the disposition, and certain other conditions are satisfied.

Backup Withholding and Information Reporting

Dividends paid on, and proceeds from the sale or other disposition of, the ADSs or common shares to a U.S. Holder generally may be subject to the information reporting requirements of the Code and may be subject to backup withholding unless the U.S. Holder provides an accurate taxpayer identification number and makes any other required certification or otherwise establishes an exemption. Backup withholding is not an additional tax. The amount of any backup withholding from a payment to a U.S. Holder will be allowed as a credit against the U.S. Holder’s U.S. federal income tax liability and may entitle the U.S. Holder to a refund, provided that certain required information is furnished to the IRS.

A holder that is a foreign corporation or a non-resident alien individual may be required to comply with certification and identification procedures in order to establish its exemption from information reporting and backup withholding.

HOLDERS OF ADSs OR COMMON SHARES SHOULD CONSULT THEIR OWN TAX ADVISORS AS TO THE CHILEAN, U.S. OR OTHER TAX CONSEQUENCES OF THE PURCHASE, OWNERSHIP AND DISPOSITION OF ADSs OR COMMON SHARES, INCLUDING, IN PARTICULAR, THE EFFECT OF ANY FOREIGN, STATE OR LOCAL TAX LAWS.

Documents on Display

We are subject to the information requirements of the Securities Exchange Act of 1934, as amended. In accordance with these requirements, we file reports, including annual reports on Form 20-F and other information with the SEC. These materials, including this annual report and the exhibits hereto, may be inspected and copied at the SEC’s public reference rooms in Washington, D.C., New York, New York and Chicago, Illinois. Please call the SEC at 1-800-SEC-0330 for further information on the public reference rooms. In addition, some of our SEC filings, including those filed on and after November 4, 2002, are also available to the public through the SEC’s website at www.sec.gov.

PART III

ITEM 19. EXHIBITS

Documents filed as exhibits to this amended annual report:

- | | |
|------|--|
| 1.1 | By-laws of Lan Chile (together with an English translation) (incorporated by reference to Exhibit 1.1 to our annual report on Form 20-F, File No. 001-14728, for the fiscal year ended December 31, 2001). |
| 2.1 | Amended and Restated Deposit Agreement, dated as of March 25, 2003, among LanChile, The Bank of New York, as depositary, and Owners and Beneficial Owners of American Depositary Receipts. |
| 2.2 | Foreign Investment Contract, dated November 1, 1997, among the Central Bank of Chile, LanChile and Citibank, N.A., as depositary, relating to the foreign exchange treatment of holders of ADSs. |
| 2.3 | Foreign Investment Contract Assignment Agreement, dated as of April 17, 2003, among the Central Bank of Chile, LanChile, Citibank N.A., as assignor, and The Bank of New York, as assignee, relating to the foreign exchange treatment of holders of ADSs. |
| 2.4 | Right of First Refusal Agreement, dated as of December 14, 2000, among Inversiones Santa Cecilia S.A., Bancard S.A., Inversiones Costa Verde, S.A., Inmobiliaria e Inversiones Asturias S.A., Inversiones Aéreas CGP DOS S.A. |
| 4.1 | Purchase Agreements between Lan Chile S.A. and Airbus Industrie, dated March 1998 and August 1999, relating to Airbus A320-family aircraft and Airbus A340 series aircraft.+ * |
| 4.2 | Purchase Agreement No. 2126 between Lan Chile S.A. and The Boeing Company, dated as of January 30, 1998, as amended and supplemented, relating to Model 767-316ER, Model 767-38EF, and Model 767-316F Aircraft.* |
| 8.1 | List of Significant Subsidiaries. |
| 12.1 | Officer Certifications pursuant to Section 906 of the Sarbanes-Oxley Act of 2002. |
| 12.2 | Certification of Chief Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002. |
| 12.3 | Certification of Chief Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002. |

⁺ Incorporated by reference to our annual report on Form 20-F, File No. 000-14728, for the fiscal year ended December 31, 2000 and our annual report on Form 20-F, File No. 000-14728, for the fiscal year ended December 31, 2000.

* Portions of this exhibit have been omitted pursuant to a request for confidential treatment. Such omitted portions have been filed separately with the SEC.

SIGNATURES

The registrant hereby certifies that it meets all of the requirements for filing on Form 20-F and that it has duly caused and authorized the undersigned to sign this amended annual report on its behalf.

Lan Airlines S.A.

/s/ ALEJANDRO DE LA FUENTE GOIC

Name: Alejandro de la Fuente Goic

Title: Chief Financial Officer

Date: December 21, 2004

between

THE BOEING COMPANY

and

Lan Chile S.A.

Relating to Boeing Model 767-316ER, Model 767-38EF, and Model 767-316F Aircraft

CONFIDENTIAL TREATMENT REQUESTED

P.A. No. 2126

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B.	Aircraft Delivery Requirements and Responsibilities	SA 1

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P.A. No. 2126

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6-1162-DMH-351	Promotion Support	
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6-1162-DMH-1031R2	Special Provisions for Advance Payments	SA 9
6-1162-LAJ-311	Special Matters Relating to the July 2001 and September 2001 Aircraft	SA 11
6-1162-LAJ-0895	Business Considerations	SA 14

Purchase Agreement No. 2126

between

The Boeing Company

and

LanChile S.A.

This Purchase Agreement No. 2126 dated as of January 30, 1998 between The Boeing Company (Boeing) and Lan Chile S.A. (Customer) relating to the purchase and sale of Model 767-316ER, Model 767-38EF, and Model 767-316F aircraft incorporates the terms and conditions of the Aircraft General Terms Agreement dated as of May 9, 1997 between the parties, identified as AGTA-LAN (AGTA).

Article 1. Quantity, Model and Description.

The aircraft to be delivered to Customer will be designated as Model 767-316ER, Model 767-38EF, and Model 767-316F aircraft (the Aircraft). Boeing will manufacture and sell to Customer 767-316ER, 767-38EF, and 767-316F Aircraft to conform to the configurations described in Exhibits A, A-1, A-2, and A-3, which are part of this Purchase Agreement.

Article 2. Delivery.

The scheduled months of delivery of the Aircraft are listed in the attached Table 1, Table 2, Table 3, and Table 4, which are part of this Purchase Agreement. Boeing's and Customer's obligation with respect to delivery of the Aircraft are contained in Exhibit B to the Purchase Agreement. Boeing and Customer agree to use reasonable endeavors to comply with the time periods contained in such Exhibit B.

Article 3. Price.

3.1 Aircraft Basic Price. The Aircraft Basic Price in subject to escalation dollars is listed in Table 1, Table 2, Table 3, and Table 4.

3.2 Advance Payment Base Prices. The Advance Payment Base Prices listed in Table 1, Table 2, Table 3 and Table 4 were calculated utilizing the latest escalation factors available to Boeing on the date of this Purchase Agreement projected to the month of scheduled delivery.

3.3 The components of the Aircraft Basic Price and the calculation of the Advance Payment Base Prices for the Aircraft are listed in Table 1, Table 2, Table 3, and Table 4.

Article 4. Payment.

4.1 The standard advance payment schedule for the Model 767 aircraft requires the purchaser to make certain advance payments, expressed in a percentage of the Advance Payment Base Price of each aircraft beginning with a payment of 1%, less the Deposit, on the effective date of the purchase agreement for the aircraft. Additional advance payments for each aircraft are due on the first business day of the months listed in the attached Table 1, Table 2, Table 3, and Table 4.

4.2 Customer will upon signing the Purchase Agreement pay to Boeing the total amount of deposits required pursuant to the advance payment schedule in Table 1, Table 2, Table 3, and Table 4. Customer will make additional advance payments for the Aircraft in accordance with such schedule.

4.3 Customer will pay the balance of the Aircraft Price of each Aircraft at delivery.

Article 5. Miscellaneous.

5.1 Aircraft Information Table. Table 1, Table 2, Table 3, and Table 4 consolidates information contained in Articles 1, 2, 3 and 4 with respect to (i) quantity of Aircraft, (ii) applicable Detail Specification, (iii) month and year of scheduled deliveries, (iv) Aircraft Basic Price, (v) applicable escalation factors and (vi) Advance Payment Base Prices and advance payments and their schedules.

5.2 Buyer Furnished Equipment Variables. Supplemental Exhibit BFE1 contains vendor selection dates, on dock dates and other variables applicable to the Model 767-316ER Aircraft only.

5.3 Customer Support Variables. Supplemental Exhibit CS1 contains the variable information applicable to information, training services and other things furnished by Boeing in support of the Aircraft.

5.4 Engine Escalation Variables. Supplemental Exhibit EE1 contains the applicable engine escalation formula, the engine warranty and the engine patent indemnity for the Aircraft delivering through December 1999.

5.5 Engine Escalation Variables. Supplemental Exhibit EE1-1 contains the applicable engine escalation formula, the engine warranty and the engine patent indemnity for the Aircraft delivering after December 1999.

5.7. Negotiated Agreement; Entire Agreement. This Purchase Agreement, including the provisions of Article 8.2 of the AGTA relating to insurance, and Article 11 of Part 2 of Exhibit C of the AGTA relating to DISCLAIMER AND RELEASE and EXCLUSION OF CONSEQUENTIAL AND OTHER DAMAGES, has been the subject of discussion and negotiation and is understood by the parties; the Aircraft Price and other agreements of the parties stated in this Purchase Agreement were arrived at in consideration of such provisions. This Purchase Agreement, including the AGTA, contains the entire agreement between the parties and supersedes all previous proposals, understandings, commitments or representations whatsoever, oral or written, and may be changed only in writing signed by authorized representatives of the parties.

* * * * *

DATED AS OF 15 - September 2000

LAN CHILE S.A.

THE BOEING COMPANY

By \s\ Carlos Prado C.

By \s\ Lyn A. Johnson

Its Senior Vice President Corporate Investments

Its Attorney-In-Fact

P.A. No 2126

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SA 11

Supplemental Agreement No. 14

to

Purchase Agreement No. 2126

between

THE BOEING COMPANY

and

LAN CHILE S.A.

Relating to Boeing Model 767-316ER, Model 767-38EF, and Model
767-316F Aircraft

THIS SUPPLEMENTAL AGREEMENT, entered into as of the 20th day
of April 2004, by and between THE BOEING COMPANY, a Delaware corporation
(hereinafter called Boeing), and Lan Chile S.A, a Chile corporation (hereinafter
called Customer);

W I T N E S S E T H :
- - - - -

WHEREAS, the parties entered into that certain Purchase Agreement No.
2126, dated as of January 30, 1998 relating to the purchase and sale of Boeing
Model 767-316ER, Model 767-38EF, and Model 767-316F aircraft (hereinafter
referred to as "Aircraft"), which agreement, as amended and supplemented,
together with all exhibits, specifications and letter agreements related or
attached thereto, is hereinafter called the "Purchase Agreement;" and

WHEREAS, Customer has decided to purchase two (2) additional 767-316F
aircraft with delivery in July and October of 2005,

WHEREAS, Boeing and Customer have agreed to amend the Purchase
Agreement to incorporate the above change;

NOW THEREFORE, in consideration of the mutual covenants herein
contained, the parties hereto agree to amend the Purchase Agreement as follows:

1. Purchase of Two (2) Additional 767-316F Aircraft. This Supplemental Agreement amends the Purchase Agreement to reflect the purchase by Customer of two (2) additional 767-316F Aircraft (Jul-05 and Oct-05).
 - 1.1. Table of Contents. Remove and replace in its entirety the Table of Contents, with the Table of Contents attached hereto, to reflect the changes made by this Supplemental Agreement No. 14.
 - 1.2. Aircraft Description. Boeing will manufacturer and sell to Customer, and Customer will purchase from Boeing, the Aircraft described in the attached Aircraft Information Table No. 5.
 - 1.3. Aircraft Delivery Schedule. The scheduled delivery month of each of the additional Aircraft is set forth in the attached Aircraft Information Table No. 5.
 - 1.4. Price. The Aircraft Basic Price and each component thereof and the Advance Payment Base Price for each of the additional Aircraft set forth in the attached Aircraft Information Table No. 5.
 - 1.5. Payment.
 - 1.5.1. Boeing acknowledges that Customer has paid deposit payments to Boeing on March 25, 2004 in the amount of \$***⁽¹⁾ for each of the additional Aircraft.
 - 1.5.2. Customer will make Advance Payments to Boeing in the amount of 30% of the Advance Payment Base Price for each of the Aircraft. These payments will begin with a payment of 1%, less any deposit previously paid to Boeing. Additional payments for the Aircraft are due on the first business day of the months and in the amounts set forth in the attached Aircraft Information Table No.5.
 - 1.5.3. The total amount of Advance Payments due upon the date of this agreement will include all Advance Payments that are or were due on or before such date in accordance with the Advance Payment Schedule set forth in the attached Aircraft Information Table No. 5.

- - - - -
¹ The symbol "***" denotes information omitted for confidentiality purposes. This information has been filed separately with the Securities and Exchange Commission.

1.5.4. Any payments due to Boeing shall be made via wire transfer to the Boeing bank account as identified below.

Bank: JPMorgan Chase
Account Name: The Boeing Company
ABA No. 021000021
Account No. 910-1-012764
Attention: Marla Chavez

2. Engine Escalation Variables. Supplemental Exhibit EE1-2 contains the applicable engine escalation formula, the engine warranty and the engine patent indemnity for the additional Aircraft identified in this Supplemental Agreement.
3. Letter Agreements. Remove and replace, in its entirety, Letter Agreement Letter Agreement 6-1162-LAJ-310R1, Business Considerations, with Letter Agreement 6-1162-LAJ-0895, Business Considerations, attached hereto to reflect the current business offer.
4. Confidentiality.

Customer understands that the information contained in this Letter Agreement is considered confidential. Customer agrees to treat this Letter Agreement as confidential and will not, without the prior written consent of Boeing, disclose this Letter Agreement or any information contained herein to any third parties.

The Purchase Agreement shall be deemed amended to the extent herein provided and as amended shall continue in full force and effect.

EXECUTED IN DUPLICATE as of the day and year first above written.

THE BOEING COMPANY

LAN CHILE S.A.

By \s\ Lyn A. Johnson

By \s\ Carlos Prado C.

Its Attorney-In-Fact

Its Senior VP Corporate Investments

Supplemental Agreement No. 15

to

Purchase Agreement No. 2126

between

THE BOEING COMPANY

and

LANCHILE S.A.

Relating to Boeing Model 767-316ER, Model 767-38EF, and Model 767-316F Aircraft

THIS SUPPLEMENTAL AGREEMENT, entered into as of the 31st day of May 2004, by and between THE BOEING COMPANY, a Delaware corporation (hereinafter called Boeing), and Lan Chile S.A., a Chile corporation (hereinafter called Customer);

W I T N E S S E T H:

- - - - -

WHEREAS, the parties entered into that certain Purchase Agreement No. 2126, dated as of January 30, 1998 relating to the purchase and sale of Boeing Model 767-316ER Model 767-38EF, and Model 767-316F aircraft (hereinafter referred to as "Aircraft"), which agreement, as amended and supplemented, together with all exhibits, specifications and letter agreements related or attached thereto, is hereinafter called the "Purchase Agreement;" and

WHEREAS, Customer and Boeing have come to agreement on the basic configuration of upcoming Customer 767-316F aircraft with delivery in July and October 2005,

WHEREAS, Boeing and Customer have agreed to amend the Purchase Agreement to incorporate the above change;

NOW THEREFORE, in consideration of the mutual covenants herein contained, the parties hereto agree to amend the Purchase Agreement as follows:

1. Configuration of Two (2) 767-316F Aircraft. This Supplemental Agreement amends the Purchase Agreement to reflect the Define and Control Aircraft Configuration (DCAC) of Customers two (2) 767-316F Aircraft (Jul-05 and Oct-05) which were added to the Purchase Agreement via Supplemental Agreement No. 14.
- 1.1. Table of Contents. Remove and replace in its entirety the Table of Contents, with the Table of Contents attached hereto, to reflect the changes made by this Supplemental Agreement No. 15.
- 1.2. Aircraft Description. Boeing will manufacturer and sell to Customer, and Customer will purchase from Boeing, the Aircraft described in the attached Aircraft Information Table No. 5. This attached Aircraft Information Table No. 5 includes the updated detail specification number of Customer's Aircraft and will replace the prior Table No. 5. Such Aircraft are further described in the attached Exhibit A-4 entitled Aircraft Configuration.

The Purchase Agreement shall be deemed amended to the extent herein provided and as amended shall continue in full force and effect.

EXECUTED IN DUPLICATE as of the day and year first above written.

THE BOEING COMPANY	LAN CHILE S.A.
By Lyn A. Johnson	By Carlos Prado C.
-----	-----
Its Attorney-In-Fact	Its Senior VP Corporate Investments
-----	-----

PURCHASE AGREEMENT NUMBER 2126

between

THE BOEING COMPANY

and

Lan Chile S.A.

Relating to Boeing Model 767-316ER, Model 767-38EF, and Model 767-316F Aircraft

P.A. No 2126

SA 15

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EXHIBIT

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A.	Aircraft Configuration	
A-1	Aircraft Configuration	SA 1
A-2	Aircraft Configuration	SA 5
A-3	Aircraft Configuration	SA 10
A-4	Aircraft Configuration	SA 15
B.	Aircraft Delivery Requirements and Responsibilities	SA 1

SUPPLEMENTAL EXHIBITS

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BFE1.	BFE Variables	SA 1
CS1.	Customer Support Variables	SA 1
EE1.	Engine Escalation/Engine Warranty and Patent Indemnity	SA 1
EE1-1.	Engine Escalation/Engine Warranty and Patent Indemnity	SA 5
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6-1162-DMH-475	Configuration Matters	SA 1
6-1162-DMH-1031R2	Special Provisions for Advance Payments	SA 9
6-1162-LAJ-311	Special Matters Relating to the July 2001 and September 2001 Aircraft	SA 11
6-1162-LAJ-0895	Business Considerations	SA 14

P.A. No 2126	2	SA 15
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Aircraft Information Table No. 5
to Purchase Agreement No. 2126
Aircraft Delivery, Description, Price and Advance Payments

Airframe Model/MTGW:	767-300F	412,000		Detail Specification:	D019T002LAN63F-1 (4/2004)
Engine Model:	CF6-80C2B6F			Airframe Price Base Year:	Jul-03
Airframe Price:			\$109,022,000	Engine Price Base Year:	Jul-03
Optional Features:			\$1,410,200		

Sub-Total of Airframe and Features:			\$110,432,200	Airframe Escalation Data:	

Engine Price (Per Aircraft):			\$18,424,006	Base Year Index (ECI):	165.00
Aircraft Basic Price (Excluding BFE/SPE):			\$128,856,206	Base Year Index (ICI):	136.80

Buyer Furnished Equipment (BFE) Estimate:			\$0	Engine Escalation Data:	

Seller Purchased Equipment (SPE) Estimate:			\$1,400,000	Base Year Index (CPI):	151.980
Refundable Deposit per Aircraft at Proposal Acceptance:			\$140,000		

=====									
		Escalation	Escalation	Escalation Estimate					
Delivery	Number of	Factor	Factor	Manufacturer	Adv Payment Base	Advance Payment Per Aircraft (Amts. Due/Mos. Prior to Delivery):			
Date	Aircraft	(Airframe)	(Engine)	Serial Number	Price Per A/P	At Signing	24 Mos.	21/18/12/9/6 Mos	Total
						1%	4%	5%	30%
Jul-2005	1	1.0607	1.069	34245	\$138,381,000	\$1,243,810	\$5,535,240	\$6,919,050	\$41,514,300
Oct-2005	1	1.0689	1.076	34246	\$139,415,000	\$1,254,150	\$5,576,600	\$6,970,750	\$41,824,500

AIRCRAFT CONFIGURATION

between

THE BOEING COMPANY

and

LANCHILE S.A.

Exhibit A to Purchase Agreement Number 2126

P.A. No. 2126

A

AIRCRAFT CONFIGURATION

Relating to

BOEING MODEL 767-316F AIRCRAFT

THE LANCHILE AIRCRAFT

The Detail Specification for the Aircraft is Boeing Customer Detail Specification D019T002LAN63F-1 dated April 20, 2004. Such Detail Specification will be comprised of Boeing Configuration Specification D019T002, Revision E dated August 28, 2003, as amended to incorporate the applicable specification language to reflect the effect of the Optional Features attached hereto and any other accepted changes, including the effects of such changes on Manufacturer's Empty Weight (MEW) and Operating Empty Weight (OEW). As soon as practicable, Boeing will furnish to Buyer copies of the Detail Specification, which copies will reflect the effect of such Optional Features and any other accepted changes. The Aircraft Basic Price reflects and includes all effects of such Optional Features attached hereto, except such Aircraft Basic Price does not include the price effects of any Buyer Furnished Equipment or Seller Purchased Equipment.

This Aircraft Configuration has taken the last Customer configuration, described in Detail Specification D6T10340LAN-1, Revision E, and re-defined that configuration into new Define and Control Airplane Configuration (DCAC) specification D019T002LAN63F-1.

Change Request	Title	2003 \$'S Price Per A/C
0110-000035	MAJOR MODEL 767 AIRPLANE	INCL
0110-000038	MINOR MODEL 767-300F FREIGHTER AIRPLANE	INCL
0110-000094	MODEL 767-300 GENERAL MARKET FREIGHTER AIRPLANE	INCL
0220-000040	FAA TYPE CERTIFICATION	INCL
0220-000136	15 KNOT MAXIMUM TAKEOFF AND LANDING TAILWIND COMPONENT CERTIFICATION	INCL
0221-000002	DISPATCH WITH GEAR EXTENDED FOR REVENUE FLIGHT	INCL
0221A251A19	ENGINE INOPERATIVE TEN-MINUTE TAKEOFF THRUST OPERATION - CF6-80C2B6F THRUST RATING	INCL
0228-000032	OPERATIONS MANUAL IN FAA FORMAT	INCL
0229A141A41	PERFORMANCE - CERTIFICATION FOR OPERATION AT AIRPORT ALTITUDES OF 9500 FEET AND BELOW	INCL
0252-000014	ENVIRONMENTAL CONTROL SYSTEM - TEMPERATURE INDICATIONS IN DEGREES CELSIUS	INCL
0252-000017	INSTRUMENTATION WITH METRIC UNITS - MODEL 767	INCL
0315C262A22	CERTIFIED OPERATIONAL AND STRUCTURAL DESIGN WEIGHTS, 767-300F	INCL
0351A114C45	TAKEOFF PERFORMANCE IMPROVEMENT - ALTERNATE FORWARD CENTER OF GRAVITY LIMITS	INCL
0360B604F64	MISCELLANEOUS WEIGHT COLLECTOR	INCL
1110C262A21	EXTERIOR COLOR SCHEME AND MARKINGS - LAN 767-316F	INCL
1130-000344	BOEING STANDARD MARKINGS - MAIN DECK CARGO COMPARTMENT	INCL
130A931A06	IATA STANDARD MARKINGS - LOWER LOBE CARGO COMPARTMENT	INCL
2145-000004	BULK CARGO AREA HEATING AND VENTILATING FOR ANIMAL CARRIAGE	INCL
2210-000030	AUTOFLIGHT - THREE DIGIT MACH NUMBER ON MODE CONTROL PANEL	INCL
2210-000031	AUTOFLIGHT - AUTOMATIC AUTOPILOT CHANNEL SELECTION IN APPROACH MODE	INCL
2210-000037	AUTOFLIGHT - BANK ANGLE HOLD AT AUTOPILOT COMMAND ENGAGE	INCL
2210-000039	AUTOFLIGHT - FULL TIME FLIGHT DIRECTOR	INCL
2210-000151	AUTOFLIGHT - ENABLE GLIDE SLOPE CAPTURE PRIOR TO LOCALIZER CAPTURE	INCL
2210-000311	AUTOFLIGHT - FLIGHT CONTROL COMPUTER (FCC) WITHOUT ONBOARD SOFTWARE LOADING CAPABILITY	INCL
2210A064A02	AUTOFLIGHT - ALTITUDE ALERT - 300/900 FEET	INCL
2210B403A07	MODE CONTROL PANEL WITH BACKCOURSE SWITCH	INCL
2230-000127	AUTOTHROTTLE - SELECTION OF CLIMB DERATES	INCL
2230-000133	AUTOTHROTTLE - FIXED PERCENTAGE DERATE LEVELS OF 10% AND 20%	INCL
2230-000135	AUTOTHROTTLE - CLIMB DERATE WASHOUT SCHEDULE - 10,000 TO 12,000 FEET	INCL
2311-000122	HF COMMUNICATIONS - DUAL GABLES HF CONTROL PANEL WITH SENSITIVITY CONTROL - P/N 67401-03 - BFE/SPE	INCL
2311A213A84	HF COMMUNICATIONS - DUAL ROCKWELL HF TRANSCEIVERS - P/N 822-0330-001 AND DIGITAL HF COUPLERS - P/N 822-0987-003 - BFE/SPE	INCL
2312-000432	VHF COMMUNICATIONS - TRIPLE GABLES VHF TUNING PANELS (DUAL KNOB) - P/N 67400-27 - BFE/SPE	INCL
2312-000703	VHF COMMUNICATIONS - ACTIVATION OF 8.33 KHZ CHANNEL SPACING	INCL
2312-000786	VHF COMMUNICATIONS -TRIPLE ROCKWELL ARINC 716/750 VHF-900B FM IMMUNE TRANSCEIVERS WITH 8.33 KHZ CHANNEL SPACING AND CMC INTERFACE CAPABILITY - P/N 822-1047-003 - BFE/SPE	INCL
2315A213A67	SATCOM - PARTIAL PROVISIONS FOR SATCOM SYSTEM AND TOP MOUNTED HIGH GAIN ANTENNA SYSTEM - MODEL 767	INCL
2315B800C72	SATCOM - HF/SATCOM SELECT PANEL - INSTALLATION - FLIGHT DECK	INCL
2321B401A04	SELCAL - AVTECH FIVE CHANNEL DECODER - P/N NA138-714C - BFE/SPE	INCL
2322-000250	ACARS - PARTIAL PROVISIONS FOR SINGLE ARINC 724B ACARS	INCL
2340B800C73	CREW COMMUNICATION - PILOTS' CALL PANEL - SELCAL AND CARGO LOADING/GROUND CALL - 767 FREIGHTER	INCL
2350B800C71	AUDIO INTEGRATING - AUDIO SELECTOR PANELS - FLIGHT DECK	INCL
2351-000042	CONTROL WHEEL PUSH TO TALK (PTT) SWITCH - STANDARD THREE POSITION	INCL
2351A138C64	HAND HELD MICROPHONE - CAPTAIN, FIRST OFFICER AND FIRST OBSERVER - TELEPHONICS - P/N	INCL

2351A213A33	AUDIO INTEGRATION - INSTALLATION- TWO-PLUG AUDIO JACKS IN THE FLIGHT DECK	INCL
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Change Request	Title	2003 \$'S Price Per A/C
2351A213B77	BOOM MICROPHONE HEADSETS - CAPTAIN AND FIRST OFFICER - TELEX AIRMAN 750 - P/N 64300-200-BFE/SPE	INCL
2351A213B80	HEADPHONE- FIRST OBSERVER -TELEX - P/N 64400-200 - BFE/SPE	INCL
2371-000009	NO MONITOR JACK IN THE WHEEL WELL	INCL
2371-000017	SOLID STATE VOICE RECORDER ED56A AND SOLID STATE MICROPHONE/MONITOR ED56A - ALLIEDSIGNAL - 2 HOUR RECORDING TIME - P/N 980-6022-001 AND P/N 980-6116-002 - BFE/SPE	INCL
2433-000021	STANDBY POWER - EXTENDED TIME CAPABILITY - BATTERY PARALLELING	INCL
2511-000022	MANUALLY OPERATED SEATS - CAPTAIN AND FIRST OFFICER	INCL
2513-000405	SUNVISOR INSTALLATION - NUMBER 1 AND 2 WINDOWS - FLIGHT DECK - SFE	INCL
2527-000732	CONVERSION OPTION - GALLEY/ENTRY AND LAVATORY MAT INSTALLATION -TARAFLEX - 767 FREIGHTER	INCL
2530B604F65	GALLEY INSERT PART NUMBERS - BFE/SPE	INCL
2550-000157	DELIVERY CONFIGURATION - MAIN DECK - TRANSVERSE TYPE A (88" X 125") PALLETS	INCL
2550-000162	ALTERNATE CARGO COMPARTMENT ARRANGEMENT - MAIN DECK - SIDE BY SIDE CONTOURED 88" X 125" TYPE A PALLETS	INCL
2550-000261	CONVERSION OPTION - FIRST PALLET POSITION FOR ACCESS TO LIVE ANIMAL CARRIAGE OR HAZARDOUS MATERIAL CARRIAGE - 767 FREIGHTER	INCL
2550-000263	CONVERSION OPTION - ALTERNATE CARGO COMPARTMENT ARRANGEMENT - MAIN DECK - ADDITIONAL 96" X 196" PALLETS - FREIGHTER	INCL
2553-000044	HARDWARE FOR CARRIAGE OF 88 X 125 AND 96 X 125 INCH PALLETS AND STANDARD CONTAINERS IN THE FORWARD CARGO COMPARTMENT	INCL
2555-000053	CONVERSION OPTION - INSTALLATION OF ADDITIONAL NET AFT OF THE AFT CARGO DOOR	INCL
2560-000177	HALON FIRE EXTINGUISHER - FLIGHT DECK - WALTER KIDDE	INCL
2560A141A86	CREW LIFE VESTS - FLIGHT DECK - SWITLIK- P/N S-31850-6300-AAR001 - BFE/SPE	INCL
2560B599A35	PROTECTIVE BREATHING EQUIPMENT - FLIGHT DECK - B/E AEROSPACE - BFE/SPE	INCL
2562A115D57	EMERGENCY LOCATOR TRANSMITTER (RESCU 406) - INSTALLATION - BFE/SPE	INCL
2564-000215	CONVERSION OPTION - FIRST AID KIT - UPS - BFE/SPE	INCL
2610-000025	KIDDE FIRE DETECTION SYSTEM - GE CF6-80C2 ENGINES AND APU	INCL
2618-000009	SINGLE LOOP DUCT LEAK DETECTION SYSTEM - 3 ZONE	INCL
2622-000002	FIRE BOTTLE COMMONALITY - CF6-80C2 ENGINES AND APU	INCL
2732-000001	STALL WARNING COMPUTER SPEED TAPE ACTIVATION - INHIBIT DISPLAY OF MINIMUM MANEUVER SPEED ON TAKEOFF	INCL
2844-000005	FUEL MEASURING STICKS IN KILOGRAMS WITH CONVERSION TABLES IN KILOGRAMS	INCL
2911-000003	AC MOTOR-DRIVEN HYDRAULIC PUMPS - VICKERS (P/N S270T201-7)	INCL
2911-000038	ENGINE-DRIVEN HYDRAULIC PUMPS - VICKERS INC. (60B00200-12)	INCL
3042-000003	WINDSHIELD WIPERS - TWO SPEED - SINGLE SWITCH	INCL
3080-000006	MANUAL ANTI-ICING SYSTEM - NO ICE DETECTION	INCL
3120-000011	ELECTRONIC CLOCKS - WITHOUT TENTHS OF MINUTE DISPLAY - MAIN INSTRUMENT PANEL	INCL
3131-000143	ACCELEROMETER - Honeywell P/N 971-4193-001 - BFE/SPE	INCL
3131-000187	DIGITAL FLIGHT DATA RECORDER- ALLIEDSIGNAL - 256 WORDS PER SECOND MAXIMUM DATA RATE - P/N 980-4700-042 BFE/SPE	INCL
3131-000435	INTEGRATED DISPLAY UNIT (IDU) INSTALLATION - BFE/SPE - TELEDYNE P/N 2229346-7	INCL
3131A218A57	DIGITAL FLIGHT DATA ACQUISITION UNIT (DFDAU) WITH ACMS CAPABILITY AND ZNTERGRATED PCMCIA MEDIA INTERFACE-TELEDYNE CONTROLS - P/N 2233000-816-1 - BFE/SPE	INCL
3131B800C90	DIGITAL FLIGHT DATA ACQUISITION UNIT (DFDAU) WITH ACMS CAPABILITY AND INTERGRATED PCMCIA MEDIA INTERFACE-TELEDYNE CONTROLS - P/N 2233000-816-1 - BFE/SPE	INCL
3132-000105	PORTABLE DATA LOADER/RECORDER CONNECTOR IN FLIGHT DECK - ARINC 615 - SFE	INCL
3132-000117	DATA LOADER SELECTOR SWITCH MODULE - 20 POSITION 3 WAY - SFE	INCL
3133-000057	FULL FORMAT PRINTER - MILTOPE - ARINC 744 - P/N 706300-212 - BFE/SPE	INCL
3133-000126	ARINC 744 PRINTER PROVISIONS IN ANAISLESTAND EXTENSION IN THE FLIGHT DECK	INCL
3151-000042	FIREBELL AURAL WARNING - 1 SECOND ON, 9 SECONDS OFF	INCL

Change Request	Title	2003 \$'S Price Per A/C
3151-000046	AUTOPILOT DISCONNECT - AURAL WARNING SIREN - AURAL WARNING AND MASTER WARNING LIGHT INHIBITED WHEN AUTOPILOT DISCONNECT SWITCH IS DOUBLE PRESSED QUICKLY	INCL
3151A065A47	RESETTABLE OVERSPEED AURAL WARNING - SIREN	INCL
3161-000135	HYDRAULIC PRESSURE ON EICAS STATUS PAGES	INCL
3161-000137	APU RPM ON PICAS STATUS PAGES	INCL
3161-000139	APU OIL QUANTITY LEVEL ON EICAS	INCL
3161-000141	ADDITIONAL ENVIRONMENTAL CONTROL SYSTEM (ECS) PARAMETERS - DISPLAY ON EICAS MAINTENANCE PAGE	INCL
3161-000144	GENERATOR OFF AND ENGINE OIL PRESSURE - EICAS ADVISORY LEVEL MESSAGES	INCL
3161-000147	ECS PRECOOLER OUTLET TEMPERATURE - (PW AND GE ENGINES) - DISPLAY ON EICAS	INCL
3161-000152	BULK CARGO COMPARTMENT TEMPERATURE - DISPLAY ON EICAS	INCL
3161-000154	RAM AIR OUTLET DOOR POSITION - DISPLAY ON EICAS	INCL
3161-000189	ENGINE FUEL FLOW - FULL TIME DISPLAY - LOWER EICAS DISPLAY	INCL
3162-000016	FLIGHT MODE ANNUNCIATION AT TOP OF ADI	INCL
3162-000021	AIRSPEED TAPE - ROLLING DIGITS AND TREND VECTOR - ADI	INCL
3162-000022	FLIGHT DIRECTOR COMMAND DISPLAY- SPLIT AXIS - ADI	INCL
3162-000026	DISPLAY OF ROUND DIAL AND DIGITAL RADIO ALTITUDE - ADI	INCL
3162-000030	RISING RUNWAY - DISPLAYED ON THE ADI	INCL
3162-000034	RADIO ALTITUDE HEIGHT ALERT DISPLAY - 2500 FEET - ADI	INCL
3162-000054	ILS DEVIATION WARNING - ADI	INCL
3162-000059	MAP MODE ORIENTATION - TRACK UP - NAVIGATION DISPLAY	INCL
3162-000066	TRUE AIRSPEED AND GROUND SPEED - NAVIGATION DISPLAY	INCL
3162-000070	WIND BEARING DIGITAL DISPLAY - NAVIGATION DISPLAY	INCL
3221-000011	TORQUE ARM QUICK DISCONNECT - NOSE LANDING GEAR	INCL
3242A114B69	ANTISKID/AUTOBRAKE CONTROL UNIT (AACU) P/N 42-767-2 (S283T001-27) - INSTALLATION	INCL
3244-000022	PARKING BRAKE REPEATER LIGHT - SINGLE LIGHT - NOSE LANDING GEAR AREA -LIGHT VISIBLE TO GROUND CREW	INCL
3245-000230	WHEELS AND TIRES - NOSE LANDING GEAR - WHEELS - ALLIEDSIGNAL - INSTALLATION WITH SFE 24 PR, 235 MPH TIRES	INCL
3245A298A12	BRAKES - CARBON - MESSIER-BUGAITI	INCL
3245A438A27	OPERATIONAL TIRE SPEED LIMITS - 235MPH	INCL
3245A438A28	WHEELS AND TIRES - MAIN LANDING GEAR - HIGH GROSS WEIGHT WHEELS - MESSIER-BUGAVFI - INSTALLATION WITH SFE 32 PR, 235 MPH TIRES.	INCL
3246-000005	BRAKE TEMPERATURE MONITORING SYSTEM	INCL
3342-000009	TAXI LIGHTS - NOSE GEAR MOUNTED - SPACE PROVISIONS	INCL
3413-000027	MACH/AIRSPEED INDICATOR - TWO KNOT GRADUATIONS BELOW 250 KNOTS	INCL
3421-000042	FAA MACH/AIRSPEED LIMITS AND OVERSPEED ALERTING	INCL
3423-000006	STANDBY MAGNETIC COMPASS COMPENSATION FOR ELECTRICAL CIRCUITS (+/- 5 DEGREES)	INCL
3430-000187	ILS/GPS MULTI-MODE RECEIVER (MMR) - ROCKWELL - P/N 822-1152-002 - BFE/SPE	INCL
3433-000032	RADIO ALTIMETER (RA) - ROCKWELL INTERNATIONAL CORP - P/N 822 -0334-002 - BFE/SPE	INCL
3443-000050	DUAL WEATHER RADAR CONTROL PANEL - ROCKWELL P/N 622-5130-114 - BFE/SPE	INCL
3443A065A34	DUAL WEATHER RADAR SYSTEM - WITH PREDICTIVE WINDSHEAR - ROCKWELL TRANSCEIVER P/N 622-5132-633 - BFE/SPE	INCL
3443A141A90	WEATHER RADAR INDICATOR ON FORWARD ELECTRONICS PANEL - ROCKWELL COLLINS - BFE/SPE	INCL
3445A065A86	TCAS SYSTEM - ROCKWELL COLLINS TCAS COMPUTER P/N 822-1293-002- TCAS CHANGE 7 COMPLIANT- BFE/SPE	INCL
3446-000045	STANDARD VOLUME FOR ALTITUDE CALLOUTS	INCL
3446-000048	ENHANCED GROUND PROXIMITY WARNING SYSTEM (EGPWS) - BANK ANGLE CALLOUT ENABLE	INCL
3446-000050	500 SMART CALLOUT	INCL

Change Request	Title	2003 \$'S Price Per A/C
3451-000022	VOR/MARKER BEACON - ROCKWELL RECEIVER P/N 822-0297-001 - BFE/SPE	INCL
3453B866A16	ATC SYSTEM - ROCKWELL COLLINS ATC TRANSPONDER P/N 822-1338-003 - ELS/EHS/ES AND TCAS CHANGE 7 COMPLIANT - GABLES CONTROL PANEL P/N G6992-12 - BFE/SPE	INCL
3455-000019	DISTANCE MEASURING EQUIPMENT (DME) - ROCKWELL INTERROGATOR PIN 822-0329-001 - BFE/SPE	INCL
3457-000212	AUTOMATIC DIRECTION FINDER (ADF) - DUAL SYSTEM - ROCKWELL ADF-900 SERIES - ADF RECEIVER P/N 822-0299-001; ADF ANTENNA P/N 822-5404-001 - BFE/SPE	INCL
3457-000219	AUTOMATIC DIRECTION FINDER (ADF) - DUAL SYSTEM - ROCKWELL ADF-900/700 SERIES - ADF RECEIVER P/N 822-0299-001 - ADF ANTENNA P/N 622-5404-003 - BFE/SPE	INCL
3457-000289	DUAL ADF CONTROL PANEL - BOEING - 285T0557-2 - WITHOUT BFO OR TONE SWITCH - SFE	INCL
3461A425A03	FLIGHT MANAGEMENT COMPUTER SYSTEM (FMCS) - OFFPATH DESCENT CIRCLES AND DISTANCE MEASURING EQUIPMENT RANGE RINGS DISPLAYED	INCL
3461A425A04	FLIGHT MANAGEMENT COMPUTER SYSTEM (FMCS) - SCANNING DME OPERATIONS - ENABLE	INCL
3461A425A06	FLIGHT MANAGEMENT COMPUTER SYSTEM (FMCS) - RUNWAY DISTANCE AND OFFSET POSITION SHIFT IN UNITS OF METERS	INCL
3461A425A10	FLIGHT MANAGEMENT COMPUTER SYSTEM (FMCS) - NAVIGATION DATABASE - CUSTOMER SUPPLIED	INCL
3511B899B43	CREW OXYGEN MASKS - DILUTER DEMAND REGULATORS WITH SEPARATE SMOKE GOGGLES - CAPTAIN AND FIRST OFFICER - EROS - BFE/SPE	INCL
3511B899B44	CREW OXYGEN MASKS - DILUTER DEMAND TYPE REGULATORS WITH SEPARATE SMOKE GOGGLES - FIRST OBSERVER - EROS - BFE/SPE	INCL
3611-000006	ALLIEDSIGNAL INC. - INTERMEDIATE PRESSURE (IP) CHECK VALVES - GE\ P&W ENGINES	INCL
4970-000045	APU HOURMETER - RIGHT DECK	INCL
7200-000382	STANDARD FAN SPINNER - GE ENGINES	INCL
7200-000412	GE PROPULSION SYSTEM	INCL
7200-000459	GENERAL ELECTRIC ENGINES - CF6-80C2-B6F - B6F RATING - WITH FADEC	INCL
7830-000012	MANUAL OPENING OF THRUST REVERSER ASSEMBLIES - GE CF6-80C2 ENGINES	INCL
7900-000117	LUBRICATING OIL - BP TURBO OIL 2380	INCL
8011-000006	HAMILTON STANDARD STARTERS AND STARTER VALVES - GE ENGINES	INCL
MISC FO	FOLLOW ON EXH A VR259	\$***
OPTIONS: 147	TOTALS:	\$***

AIRCRAFT DELIVERY REQUIREMENTS AND RESPONSIBILITIES

between

THE BOEING COMPANY

and

Lan Chile S.A.

Exhibit B to Purchase Agreement Number 2126

P.A. No. 2126

B

AIRCRAFT DELIVERY REQUIREMENTS AND RESPONSIBILITIES

relating to

BOEING MODEL 767-316ER MODEL 767-38EF AIRCRAFT

Both Boeing and Customer have certain documentation and approval responsibilities at various times during the construction cycle of Customer's Aircraft that are critical to making the delivery of each Aircraft a positive experience for both parties. This Exhibit B documents those responsibilities and indicates recommended completion deadlines for the actions to be accomplished.

P.A. No. 2126

B-1

SA 1

1. GOVERNMENT DOCUMENTATION REQUIREMENTS.

Certain actions are required to be taken by Customer in advance of the scheduled delivery month of each Aircraft with respect to obtaining certain government issued documentation.

1.1 Airworthiness and Registration Documents.

Not later than 6 months prior to delivery of each Aircraft, Customer will notify Boeing of the registration number to be painted on the side of the Aircraft. In addition, and not later than 3 months prior to delivery of each Aircraft, Customer will if and to the extent required under applicable law, by letter to the regulatory authority having jurisdiction, authorize the temporary use of such registration numbers by Boeing during the pre-delivery testing of the Aircraft.

Customer is responsible for furnishing any Temporary or Permanent Registration Certificates required by any governmental authority having jurisdiction to be displayed aboard the Aircraft after delivery.

1.2 Certificate of Sanitary Construction.

1.2.1 U.S. Registered Aircraft. Boeing will obtain from the United States Public Health Service, a United States Certificate of Sanitary Construction to be displayed aboard each Aircraft after delivery to Customer.

1.2.2 Non-U.S. Registered Aircraft. Unless Customer notifies Boeing that the Certificate of Sanitary Construction is not required, Boeing will obtain such Certificate and provide it at delivery.

1.3 Customs Documentation.

1.3.1 Import Documentation. If the Aircraft is intended to be exported from the United States, Customer must notify Boeing not later than 3 months prior to delivery of each Aircraft of any documentation required by the customs authorities or by any other agency of the country of import.

1.3.2 General Declaration - U.S. If the Aircraft is intended to be exported from the United States, Boeing will prepare Customs Form 7507, General Declaration, for execution by U.S. Customs immediately prior to the ferry flight of the Aircraft. For this purpose, Customer will furnish to Boeing not later than 20 days prior to delivery a complete crew and passenger list and a complete ferry flight itinerary, including point of exit from the United States for the Aircraft.

If Customer intends, during the ferry flight of an Aircraft, to land at a U.S. airport after clearing Customs at delivery, Customer must notify Boeing not later than 20 days prior to delivery of such intention. If Boeing receives such

notification, Boeing will provide to Customer the documents constituting a Customs permit to proceed, allowing such Aircraft to depart after any such landing. Sufficient copies of completed Form 7507, along with passenger manifest, will be furnished Customer to cover U.S. stops scheduled for the ferry flight.

1.3.3 Export Declaration - U.S. If the Aircraft is intended to be exported from the United States, Boeing will prepare Form 7525V and, immediately prior to the ferry flight, will submit such Form to U.S. Customs in Seattle in order to obtain clearance for the departure of the Aircraft, including any cargo, from the United States. U.S. Customs will deliver the Export Declaration to the U.S. Department of Commerce after export.

2. INSURANCE CERTIFICATES.

Unless provided earlier, Customer will provide to Boeing not later than 30 days prior to delivery of the first Aircraft, a copy of the requisite annual insurance certificate in accordance with the requirements of Article 8 of the AGTA.

3. NOTICE OF FLYAWAY CONFIGURATION.

Not later than 20 days prior to delivery of the Aircraft, Customer will provide to Boeing a configuration letter, stating the requested "flyaway configuration" of the Aircraft for its ferry flight. This configuration letter should include:

(i) the name of the company which is to furnish fuel for the ferry flight and any scheduled post-delivery flight training, the method of payment for such fuel, and fuel load for the ferry flight;

(ii) the cargo to be loaded and where it is to be stowed on board the Aircraft and address where cargo is to be shipped after flyaway;

(iii) any BFE equipment to be removed prior to flyaway and returned to Boeing BFE stores for installation on Customer's subsequent Aircraft;

(iv) a complete list of names and citizenship of each crew member and non-revenue passenger who will be aboard the ferry flight; and

(v) a complete ferry flight itinerary.

4. DELIVERY ACTIONS BY BOEING.

4.1 Schedule of Inspections. All FAA, Boeing, Customer and, if required, U.S. Customs Bureau inspections will be scheduled by Boeing for completion prior to delivery or departure of the Aircraft. Boeing will provide Customer with reasonable notice of such inspections.

4.2 Schedule of Demonstration Flights. All FAA and Customer demonstration flights will be scheduled by Boeing for completion prior to delivery of the Aircraft. Boeing will provide Customer with reasonable notice of such flights.

4.3 Schedule for Customer's Flight Crew. Boeing will provide Customer with reasonable notice of the date that a flight crew is required for acceptance routines associated with delivery of the Aircraft.

4.4 Fuel Provided by Boeing. Boeing will provide to Customer, without charge, the amount of fuel shown in U.S. gallons in the table below for the model of Aircraft being delivered and full capacity of engine oil at the time of delivery or prior to the ferry flight of the Aircraft.

Aircraft Model	Fuel Provided
-----	-----
737	1,000
747	4,000
757	1,600
767	2,000
777	3,000

4.5 Flight Crew and Passenger Consumables. Boeing will provide food, coat hangers, towels, toilet tissue, drinking cups and soap for the first segment of the ferry flight for the Aircraft.

4.6 Delivery Papers, Documents and Data. Boeing will have available at the time of delivery of the Aircraft certain delivery papers, documents and data for execution and delivery. If title for the Aircraft will be transferred to Customer through a Boeing sales subsidiary and if the Aircraft will be registered with the FAA, Boeing will pre-position in Oklahoma City, Oklahoma, for filing with the FAA at the time of delivery of the Aircraft an executed original Form 8050-2, Aircraft Bill of Sale, indicating transfer of title to the Aircraft from Boeing's sales subsidiary to Customer.

4.7 Delegation of Authority. If specifically requested in advance by Customer, Boeing will present a certified copy of a Resolution of Boeing's Board of Directors, designating and authorizing certain persons to act on its behalf in connection with delivery of the Aircraft.

5. DELIVERY ACTIONS BY CUSTOMER.

5.1 Aircraft Radio Station License. At delivery Customer will provide its Aircraft Radio Station License to be placed on board the Aircraft following delivery.

5.2 Aircraft Flight Log. At delivery Customer will provide the Aircraft Flight Log for the Aircraft.

5.3 Delegation of Authority. Customer will present to Boeing at delivery of the Aircraft an original or certified copy of Customer's Delegation of Authority designating and authorizing certain persons to act on its behalf in connection with delivery of the specified Aircraft.

BUYER FURNISHED EQUIPMENT VARIABLES

between

THE BOEING COMPANY

and

LanChile S.A.

Supplemental Exhibit BFE1 to Purchase Agreement Number 2126

P.A. No. 2126

BFE1

BUYER FURNISHED EQUIPMENT VARIABLES

relating to

BOEING MODEL 767-316ER AIRCRAFT

This Supplemental Exhibit BFE1 contains vendor selection dates, on-dock dates and other variables applicable to the Aircraft.

1. Supplier Selection.

Customer will:

1.1 Select and notify Boeing of the suppliers of the following BFE items by the following dates:

Galley System	May 21, 1998 -----
Seats (passenger)	May 29, 1998 -----

2. On-dock Dates

On or before September 1, 1998, Boeing will provide to Customer a BFE Requirements On-Dock/Inventory Document (BFE Document) or an electronically transmitted BFE Report which may be periodically revised, setting forth the items, quantities, on-dock dates and shipping instructions relating to the in-sequence installation of BFE. For planning purposes, a preliminary BFE on-dock schedule is set forth below:

Item	Preliminary On-Dock Dates	
- - - - -	-----	
	June 1999 Aircraft	November 1999 Aircraft
	-----	-----
Seats	March 17, 1999	July 30, 1999
Galleys	March 4, 1999	July 19, 1999
Electronics	January 15, 1999	May 28, 1999
Furnishings	March 26, 1999	August 10, 1998
P.A. No. 2126	BFE1-2	

CUSTOMER SUPPORT VARIABLES

between

THE BOEING COMPANY

and

Lan Chile S.A.

Supplemental Exhibit CS1 to Purchase Agreement Number 2126

P.A. No. 2126

CS1

SA 1

CUSTOMER SUPPORT VARIABLES

relating to

BOEING MODEL 767-316ER AND MODEL 767-38EF AIRCRAFT

Customer and Boeing will conduct planning conferences approximately 12 months prior to delivery of the first Aircraft, or as mutually agreed, in order to develop and schedule a customized Customer Support Program to be furnished by Boeing in support of the Aircraft.

The customized Customer Services Program will be based upon and equivalent to the entitlements summarized below.

1. Maintenance Training.

- 1.1 Maintenance Training Minor Model Differences Course, if required, covering operational, structural or systems differences between Customer's newly-purchased Aircraft and an aircraft of the same model currently operated by Customer; 1 class of 15 students;
- 1.2 Training materials, if applicable, will be provided to each student. In addition, one set of training materials as used in Boeing's training program, including visual aids, text and graphics will be provided for use in Customer's own training program.

2. Flight Training.

Boeing will provide, if required, one classroom course to acquaint up to 15 students with operational, systems and performance differences between Customer's newly-purchased Aircraft and an aircraft of the same model currently operated by Customer.

Training materials, if applicable, will be provided to each student. In addition, one set of training materials as used in Boeing's training program, including visual aids, text and graphics will be provided for use in Customer's own training program.

3. Planning Assistance.

3.1 Maintenance and Ground Operations.

Upon request, Boeing will provide planning assistance regarding Minor Model Differences requirements for facilities, tools and equipment.

3.2 Spares.

Boeing will revise, as applicable, the customized Recommended Spares Parts List (RSPL) and Illustrated Parts Catalog (IPC).

4. Technical Data and Documents

4.1. Flight Operations.

Airplane Flight Manual
Operations Manual
Quick Reference Handbook
Weight and Balance Manual
Dispatch Deviation Procedures Guide
Flight Crew Training Manual
Baggage/Cargo Loading Manual
Performance Engineer's Manual
Jet Transport Performance Methods
FMC Supplemental Data Document
Operational Performance Software

4.2. Maintenance.

Aircraft Maintenance Manual
Wiring Diagram Manual
Systems Schematics Manual
Connector Part Number Options Document
Structural Repair Manual
Overhaul/Component Maintenance Manual
Standard Overhaul Practices Manual
Standard Wiring Practices Manual
Non-Destructive Test Manual
Service Bulletins and Index
Corrosion Prevention Manual
Fault Isolation Manual
Fuel Measuring Stick Calibration Document
Power Plant Buildup Manual
Built-In Test Equipment (BITE) Manual
Central Maintenance Computer System Reporting Table
In Service Activity Report
All Operator Letters
Service Letters
Structural Item Interim Advisory
Maintenance Tips
Combined Index

- 4.3. Maintenance Planning.
 - Maintenance Planning Data Document
 - Maintenance Planning Data Tasks Masterfile
 - Maintenance Task Cards and Index
 - Maintenance Inspection Intervals Report
- 4.4. Spares. Illustrated Parts Catalog Standards Books
 - Illustrated Parts Catalog
 - Standards Books
- 4.5. Facilities and Equipment Planning. Facilities and Equipment Planning Document
 - Special Tool and Ground Handling Equipment Drawings and Index
 - Supplementary Tooling Documentation
 - System Test Equipment Document
 - Illustrated Tool and Equipment List/Manual
 - Aircraft Recovery Document
 - Airplane Characteristics for Airport Planning Document
 - Airplane Rescue and Fire Fighting Document
 - Engine Handling Document
- 4.6. Computer Software Index.
- 4.7. Supplier Technical Data.
 - Service Bulletins
 - Ground Support Equipment Data
 - Provisioning Information
 - Component Maintenance/Overhaul Manuals and Index
 - Publications Index
 - Product Support Supplier Directory

ENGINE ESCALATION,
ENGINE WARRANTY AND PATENT INDEMNITY

between

THE BOEING COMPANY

and

Lan Chile S.A.

Supplemental Exhibit EE1-2 to Purchase Agreement Number 2126

P.A. No. 2126 SA13

EE1-2

ENGINE ESCALATION,
ENGINE WARRANTY AND PATENT INDEMNITY

relating to

BOEING MODEL 767-316F AIRCRAFT

1. ENGINE ESCALATION.

(a) The Aircraft Basic Price of each Aircraft set forth in Table 1 of the Purchase Agreement includes an aggregate price for engines and all accessories, equipment and parts provided by General Electric Aircraft Engines (GE). The adjustment in Engine Price applicable to each Aircraft (Engine Price Adjustment) will be determined at the time of Aircraft delivery in accordance with the following formula:

$$Pe = [(Pb+F) \times (CPI / CPIb)] - Pb$$

where CPLb is the Engine Escalation Base Year Index as set forth in Table 1 of the Purchase Agreement.

(b) The following definitions will apply herein:

Pe = Engine Price Adjustment

Pb = Engine Price (per Aircraft), as set forth in Table 1 of the Purchase Agreement.

F = $0.005 \times (N/12) \times Pb$ where N is the number of calendar months which have elapsed from the Engine Price Base Year and Month up to and including the month of delivery, both as shown in Table 1 of the Purchase Agreement.

CPI = L + ICI (rounded to the nearest hundredth)

Ø = A value determined using the U.S. Department of Labor, Bureau of Labor Statistics "Employment Cost Index Wages and Salaries for Aircraft Manufacturing (SIC 3721)", calculated as a 3-month arithmetic average of the released values (expressed as a decimal and rounded to the nearest tenth) using the values for the 12th, 13th, and 14th months prior to the month of scheduled Aircraft delivery then multiplied by 65% and rounded to the nearest thousandth.

ICI = A value determined using the U.S. Department of Labor, Bureau of Labor Statistics "Producer Prices and Price Index - Industrial Commodities Index" calculated

as a 3-month arithmetic average of the released monthly values (expressed as a decimal and rounded to the nearest hundredth) using the values for the 12th, 13th and 14th months prior to the month of scheduled delivery of the Aircraft, then multiplied by 35% and rounded to the nearest thousandth.

The Engine Price Adjustment will not be made if it would result in a decrease in the Engine Price.

(c) The values of the Employment Cost Index Wages & Salaries (SIC 3721) and Producer Prices and Price Index - Industrial Commodities Index used will be those published as of a date 30 days prior to the first day of the scheduled Aircraft delivery month to Customer. As the Employment Cost Index Wages and Salaries for Aircraft Manufacturing (SIC 3721) values are only released on a quarterly basis, the value released for the month of March will be used for the months of January and February; the value for June used for April and May; the value for September used for July and August; and the value for December used for October and November. Such values will be considered final and no Engine Price Adjustment will be made after Aircraft delivery for any subsequent changes in published index values. If no values have been released for an applicable month, the provisions set forth in Paragraph e, below, will apply. If prior to delivery of an Aircraft, the U.S. Department of Labor, Bureau of Labor Statistics changes the base year for determination of the L or ICI values as defined above, such rebase values will be incorporated in the Engine Price Adjustment calculation.

(d) If at the time of delivery of an Aircraft, Boeing is unable to determine the Engine Price Adjustment because the applicable values to be used to determine L and ICI have not been released by the U.S. Department of Labor, Bureau of Labor Statistics, then: In the event the Engine Price escalation provisions are made non-enforceable or otherwise rendered null and void by any agency of the United States Government, GE agrees to meet jointly with Boeing and Customer (to the extent such parties may lawfully do so) to adjust equitably the Aircraft Basic Price of any affected Aircraft to reflect an allowance for increase or decrease in labor compensation and material costs occurring since February of the base price year which is consistent with the application provisions of this Supplemental Exhibit EE1.

(e) If prior to delivery of an Aircraft, the U.S. Department of Labor, Bureau of Labor Statistics substantially revises the methodology used for the determination of the values to be used to determine the L and ICI values (in contrast to benchmark adjustments or other corrections of previously released values), Customer, Boeing and GE will, prior to delivery of such Aircraft, select a substitute for such values from data published by the U.S. Department of Labor, Bureau of Labor Statistics or other similar data reported by non-governmental United States organizations, such substitute to lead in application to the same adjustment result insofar as possible, as would have been achieved by continuing the use of the original values as they may have fluctuated during the applicable time period. Appropriate revisions of the formula will be made as required to

reflect any substitute values. However, if within 24 months from delivery of the Aircraft, the U.S. Department of Labor, Bureau of Labor Statistics should resume releasing values for the months needed to determine the Engine Price Adjustment, such values will be used to determine the increase or decrease in the Engine Price Adjustment determined at the time of delivery of such Aircraft.

NOTE: The factor (CPI divided by the base year index) by which the Engine Price is to be multiplied will be expressed as a decimal and rounded to the nearest thousandth. Any rounding of a number, as required under this Supplemental Exhibit with respect to escalation of the Engine Price, will be accomplished as follows: if the first digit of the portion to be dropped from the number to be rounded is five or greater, the preceding digit will be raised to the next higher number.

2. ENGINE WARRANTY AND PRODUCT SUPPORT PLAN.

Boeing has obtained from GE the right to extend to Customer the provisions of GE's warranty and product support plan (Warranty and Product Support Plan); subject, however, to Customer's acceptance of the conditions set forth herein and in such Warranty and Product Support Plan. Accordingly, Boeing hereby extends to Customer and Customer hereby accepts the provisions of GE's Warranty and Product Support Plan, and such Warranty and Product Support Plan shall apply to all CF6 turbofan engines including all Modules and Parts thereof, as these terms are defined in the Warranty and Product Support Plan, (Engines) installed in the Aircraft at the time of delivery or purchased from Boeing by Customer for support of the Aircraft except that, if Customer and GE have executed a general terms agreement (Engine GTA), then the terms of the Engine GTA shall be substituted for and supersede the below-stated provisions and such provisions shall be of no force or effect and neither Boeing nor GE shall have any obligation arising therefrom. In consideration for Boeing's extension of the GE Warranty and Product Support Plan to Customer, Customer hereby releases and discharges Boeing from any and all claims, obligations and liabilities whatsoever arising out of the purchase or use of the Engines and Customer hereby waives, releases and renounces all its rights in all such claims, obligations and liabilities.

The Warranty and Product Support Plan is set forth in Exhibit C to the applicable purchase contract between GE and Boeing. Copies of the Warranty and Product Support Plan shall be provided to Customer by Boeing upon request.

SERVICE LIFE POLICY COMPONENTS

between

THE BOEING COMPANY

and

LanChile S.A.

Supplemental Exhibit SLP1 to Purchase Agreement Number 2126

PA. No. 2126

SLP1

COVERED SERVICE LIFE COMPONENTS

relating to

BOEING MODEL 767 AIRCRAFT

This is the listing of Covered Components for the Aircraft which relate to Part 3, Boeing Service Life Policy of Exhibit C, Product Assurance Document to the AGTA and is a part of Purchase Agreement No. 2126.

1. Wing.

- (a) Upper and lower wing skins and stiffeners between the forward and rear wing spars.
- (b) Wing spar webs, chords and stiffeners.
- (c) Inspar wing ribs.
- (d) Inspar splice plates and fittings.
- (e) Main landing gear support structure.
- (f) Wing center section lower beams, spanwise beams and floor beams, but not the seat tracks attached to the beams.
- (g) Wing-to-body structural attachments.
- (h) Engine strut support fittings attached directly to wing primary structure.
- (i) Support structure in the wing for spoilers and spoiler actuators; for aileron hinges and reaction links; and for leading edge devices and trailing edge flaps.
- (j) Leading edge device and trailing edge flap support system.
- (k) Aileron, leading edge device and trailing edge flap internal, fixed attachment and actuator support structure.

2. Body.

- (a) External surface skins and doublers, longitudinal stiffeners, longerons and circumferential rings and frames between the

forward pressure bulkhead and the vertical stabilizer rear spar bulkhead, and structural support and enclosure for the APU but excluding all system components and related installation and connecting devices, insulation, lining, and decorative panels and related installation and connecting devices.

- (b) Window and windshield structure but excluding the windows and windshields.
- (c) Fixed attachment structure of the passenger doors, cargo doors and emergency exits excluding door mechanisms and movable hinge components. Sills and frames around the body openings for the passenger doors, cargo doors and emergency exits, excluding scuff plates and pressure seals.
- (d) Nose wheel well structure, including the wheel well walls, pressure deck, forward and aft bulkheads, and the gear support structure.
- (e) Main gear wheel well structure including pressure deck, bulkheads and landing gear beam support structure.
- (f) Floor beams and support posts in the control cab and passenger cabin area, but excluding seat tracks.
- (g) Forward and aft pressure bulkheads.
- (h) Keel structure between the wing front spar bulkhead and the main gear wheel well aft bulkhead, including splices.
- (i) Wing front and rear spar support bulkheads, and vertical and horizontal stabilizer front and rear spar support bulkheads including terminal fittings but excluding all system components and related installation and connecting devices, insulation, lining, and decorative panels and related installation and connecting devices.
- (j) Support structure in the body for the stabilizer pivot and stabilizer screw.

3. Vertical Stabilizer.

- (a) External skins between front and rear spars including splices.
- (b) Front, rear and auxiliary spar chords, webs and stiffeners, and attachment fittings between vertical stabilizer and body.

- (c) Inspar ribs.
- (d) Support structure in the vertical stabilizer for rudder hinges, reaction links and actuators.
- (e) Rudder internal, fixed attachment and actuator support structure.
- (f) Rudder hinges and supporting ribs, excluding bearings.

4. Horizontal Stabilizer.

- (a) External skins between front and rear spars.
- (b) Front, rear and auxiliary spar chords, webs and stiffeners.
- (c) Inspar ribs.
- (d) Stabilizer center section and fittings splicing to outboard stabilizer including pivot and screw support structure.
- (e) Support structure in the horizontal stabilizer for the elevator hinges, reaction links and actuators.
- (f) Elevator internal, fixed attachment and actuator support structure.

5. Engine Strut.

- (a) Strut external surface skin and doublers and stiffeners.
- (b) Internal strut chords, frames and bulkheads.
- (c) Strut to wing fittings and diagonal brace.
- (d) Engine mount support fittings attached directly to strut structure.
- (e) For Aircraft equipped with General Electric or Pratt & Whitney engines only, the engine mounted support fittings.

6. Main Landing Gear.

- (a) Outer cylinder.
- (b) Inner cylinder.
- (c) Upper and lower side strut, including spindles and universals.
- (d) Upper and lower drag strut, including spindles and universals.

- (e) Orifice support tube.
- (f) Downlock links, including spindles and universals
- (g) Torsion links.
- (h) Bogie beam.
- (i) Axles.

7. Nose Landing Gear.

- (a) Outer cylinder.
- (b) Inner cylinder, including axles.
- (c) Orifice support tube.
- (d) Upper and lower drag strut, including lock links.
- (e) Steering plates and steering collar.
- (f) Torsion links.
- (g) Actuator support beam and hanger.

NOTE: The Service Life Policy does not cover any bearings, bolts, bushings, clamps, brackets, actuating mechanisms or latching mechanisms used in or on the Covered Components.

Boeing Commercial Airplane Group
P.O. Box 3707
Seattle, WA 98124-2207

2126-1

LanChile S.A.
Estado 10
Casilla 1470
Santiago, Chile

Subject: Seller Purchased Equipment

Reference: Purchase Agreement No. 2126 (the Purchase Agreement) between
The Boeing Company (Boeing) and LanChile S.A. (Customer)
relating to Model 767-316ER aircraft (the Aircraft)

This Letter Agreement amends and supplements the Purchase Agreement. All terms
used but not defined in this Letter Agreement have the same meaning as in the
Purchase Agreement.

Definition of Terms:

Seller Purchased Equipment (SPE): Buyer Furnished Equipment (BFE) that Boeing
purchases for Customer.

Developmental Buyer Furnished Equipment (DBFE): BFE not previously certified for
installation on the same model aircraft.

Developmental Avionics: Developmental avionics are avionics that have not been
previously certified for installation on the same model aircraft. This Letter
Agreement does not include developmental avionics.

1. Price.

Advance Payments. An estimated SPE price will be included in the
Advance Payment Base Price for the purpose of establishing the advance payments
for the Aircraft. The estimated price of this SPE for the Aircraft is \$***
expressed in July 1995 dollars.

Aircraft Price. The Aircraft Price will be adjusted to reflect (i) the
actual costs charged Boeing by the SPE suppliers, (ii) a handling fee of 10% of
such costs and (iii) reasonable transportation charges. If all DBFE, except for
Developmental Avionics, is converted to SPE, Boeing will waive the handling fee
for all SPE.

PA. No. 2126

2. Responsibilities.

2.1 Customer is responsible for

(i) selecting the supplier on or before:

May 21, 1998	for galleys

May 29, 1998	for seats

(ii) selecting a FAA certifiable part; and

(iii) providing to Boeing the SPE part specification/Customer requirements.

2.2. Boeing is responsible for:

- (i) placing and managing the purchase order with the supplier;
- (ii) coordinating with the suppliers on technical issues;
- (iii) ensuring that the delivered SPE complies with the part specification;
- (iv) obtaining certification of the Aircraft with the SPE installed; and
- (v) obtaining for Customer the supplier's standard warranty for the SPE. SPE is deemed to be BFE for purposes of Part 2 of Exhibit C, the Product Assurance Document.

3. Supplier Selection For SPE Galleys and Seats.

In addition to those responsibilities described above, for SPE galleys and seats the following provisions apply with respect to Customer's selection of suppliers:

Galley Requirements. Customer will provide Boeing the definitive galley configuration requirements not later than TBD.

Bidder's List. For information purposes, Boeing will submit to Customer a bidder's list of existing suppliers of seats and galleys within 120 days of the supplier selection date shown above.

Request for Quotation (REQ). Approximately 90 days prior to the supplier selection date, Boeing will issue its REQ inviting potential bidders to submit bids for the galleys and seats within 30 days of the selection date.

Recommended Bidders. Not later than 15 days prior to the supplier selection date, Boeing will submit to Customer a list of recommended bidders from which to choose a supplier for the galleys and seats. The recommendation is based on an evaluation of the bids submitted using price, weight, warranty and schedule as the criteria.

Supplier Selection. If Customer selects a seat or galley supplier that is not on the Boeing recommended list, such seat or galley will become BFE and the provisions of Exhibit A, Buyer Furnished Equipment Provisions Document, of the AGTA will apply.

4. Changes.

After this Letter Agreement is signed, changes to SPE may only be made by and between Boeing and the suppliers. Customer's contacts with SPE suppliers relating to design (including selection of materials and colors), weights, prices or schedules are for informational purposes only. If Customer wants any changes made, requests must be made directly to Boeing for coordination with the supplier.

5. Proprietary Rights.

Boeing's obligation to purchase SPE will not impose upon Boeing any obligation to compensate Customer or any supplier for any proprietary rights Customer may have in the design of the SPE.

6. Remedies.

If Customer does not comply with the obligations above, Boeing may:

- (i) delay delivery of the Aircraft;
- (ii) deliver the Aircraft without installing the SPE;
- (iii) substitute a comparable part and invoice Customer for the cost;

(iv) increase the Aircraft Price by the amount of Boeing's additional reasonable costs directly attributable to such noncompliance.

7. Customer's Indemnification of Boeing.

Customer will indemnify and hold harmless Boeing from and against all claims and liabilities, including costs and expenses (including attorneys' fees) incident thereto or incident to successfully establishing the right to indemnification, for injury to or death of any person or persons, including employees of Customer but not employees of Boeing, or for loss of or damage to any property, including Aircraft, arising out of or in any way connected with any nonconformance or defect in any SPE and whether or not arising in tort or occasioned in whole or in part by the negligence of Boeing. This indemnity will not apply with respect to any nonconformance or defect caused solely by Boeing's installation of the SPE.

Very truly yours,

THE BOEING COMPANY

By /s/ [Illegible Signature]

Its Attorney-In-Fact

ACCEPTED AND AGREED TO this

Date January 30, 1998

LANCHILE S.A.

By /s/ Carlos Prado C.

Its S.V.P. Technical

PA. No. 2126

Boeing Commercial Airplanes
P.O. Box 3707
Seattle, WA 98124-2207

6-1162-LAJ-0895

Lan Chile S.A.
Santiago, Chile

Subject: Business Considerations

Reference: Purchase Agreement No. 2126 (The Purchase Agreement)
between The Boeing Company (Boeing) and Lan Chile S.A.
(Customer) relating to Model 767-316F aircraft (the Aircraft)

This letter agreement (Letter Agreement) amends the Purchase Agreement. All terms used but not defined in this Letter Agreement shall have the same meaning as in the Purchase Agreement. This Letter Agreement supersedes and replaces in its entirety Letter Agreement 6-1162-LAJ-310R1 dated July 17, 2002.

1. Credit Memorandum.

Boeing will provide concurrent with the delivery of each Model 767-316F Aircraft contained on the Aircraft Information Table No. 5 of the Purchase Agreement a credit memorandum equal to ***% of the escalated Airframe Price. This credit memorandum may be used for the purchase of any Boeing goods and services including aircraft but the credit memorandum may not be used for advance payments.

2. Export License.

Customer understands and confirms that it is Customer's responsibility to obtain any required Export License from the relevant U.S. authority. Without accepting any liability for any failure to do so, Boeing will use reasonable endeavors to alert Customer to any regulatory changes of which Boeing becomes aware and which require Buyer to obtain such Export License.

3. Warranty Modification.

Notwithstanding paragraph 3.2 of Part 2 of Exhibit C to the AGTA, Boeing agrees that the warranty period for a Corrected Boeing Product resulting from a defect in material or workmanship is 6 months or the remainder of the initial warranty period, whichever is longer.

4. 2005 Special Credit Memorandum for Firm Aircraft.

In consideration of Customer purchasing the Jul-05 and Oct-05 delivery positions identified in the Aircraft Information Table No. 5 of the Purchase Agreement, Boeing will provide concurrent with the delivery the Jul-05 and Oct-05 delivery positions a special 2005 credit memorandum equal to ***% of the escalated Airframe Price. This credit memorandum may be used for the purchase of any Boeing goods and services including aircraft but the credit memorandum may not be used for advance payments.

5. Engine Thrust Reverser Credit Memo.

In consideration of Customer purchasing the purchasing the Jul-05 and Oct-05 delivery positions identified in the Aircraft Information Table No. 5 of the Purchase Agreement, Boeing will provide concurrent with the delivery the Jul-05 and Oct-05 delivery positions a credit memorandum equal to *** dollars (US \$***). This credit memorandum may be used for the purchase of any Boeing goods and services including aircraft but the credit memorandum may not be used for advance payments.

6. Special Credit Memo for Purchasing Two (2) Aircraft.

In consideration of Customer purchasing the purchasing the Jul-05 and Oct-05 delivery positions identified in the Aircraft Information Table No. 5 of the Purchase Agreement, Boeing will provide concurrent with the delivery the Jul-05 and Oct-05 delivery positions a credit memorandum equal to *** dollars (US \$***). This credit memorandum may be used for the purchase of any Boeing goods and services including aircraft but the credit memorandum may not be used for advance payments.

7. Payment Due at Signing of Supplemental Agreement No. 14.

Notwithstanding payment requirements described in Supplemental Agreement No. 14, Customer may defer the payment(s) that would otherwise be required at signing to any date on or before ***.

8. Deferred Advance Payment Schedule.

Notwithstanding the Advance Payment Schedule in the Airplane Information Table No. 5 of the Purchase Agreement, Customer may elect to utilize the following Deferred Advance Payment Schedule.

Due Date of Payment	Amount Due per Aircraft
- - - - -	- - - - -
	(Percentage times Advance Payment Base Price)
Signing of Definitive Agreement	***% (less the Deposit)
*** months prior to the first day of the scheduled delivery month of the Aircraft	***%
*** months prior to the first day of the scheduled delivery month of the Aircraft	***%
*** months prior to the first day of the scheduled delivery month of the Aircraft	***%
Total	***%

9. Interest Rate for Deferred Advance Payments on Firm Aircraft.

For the period from May 6, 2004 through June 30, 2004 Customer will pay interest on all amounts that are deferred pursuant to the above schedule at a fluctuating rate per annum equal to the sixty day (60 day) London Interbank Offered Rate (LIBOR), as published in The Wall Street Journal on April 1, 2004, plus ***%. For the remaining period from July 1, 2004 until delivery of each of the Firm Aircraft, Customer will pay interest on all amounts that are deferred pursuant to the above schedule at a fluctuating rate per annum equal to the ninety day (90 day) London Interbank Offered Rate (LIBOR), as published in The Wall Street Journal effective for the first business day of each calendar quarter (usually published on the business day just prior to such calendar quarter), plus ***%. Such interest shall accrue from and including the date on which such payments would have been due if there were no deferral up to the but excluding the date on which such amounts are paid in full. Interest shall be due and payable quarterly with any remaining unpaid amount due at delivery of each Firm Aircraft (Note: the interest rate as determined above for the period of July 1, 2004 until delivery of each of the Firm Aircraft will be used for the entire calendar quarter; e.g., the interest rate determined based on the LIBOR interest rate for July 1, 2004, would be used for all interest calculations in July, August and September of 2004.)

10. Confidentiality.

Customer understands that the information contained in this Letter Agreement is considered confidential. Customer agrees to treat this Letter Agreement as confidential and will not, without the prior written consent of Boeing, disclose this Letter Agreement or any information contained herein to any third parties.

If the foregoing correctly sets forth your understanding of our agreement with respect to the matters treated above, please indicate your acceptance and approval below.

Very truly yours,

THE BOEING COMPANY

By /s/ Lyn A. Johnson

Its Attorney-In-Fact

ACCEPTED AND AGREED TO this

Date 20th, April, 2004

LAN CHILE S.A.

By /s/ Carlos Prado C.

Its Senior VP Corporate Investments

Certification of Chief Financial Officer

I, Alejandro de la Fuente Goic, certify that:

1. I have reviewed this amended annual report on Form 20-F of Lan Airlines S.A.;
2. Based on my knowledge, this amended annual report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this amended annual report;
3. Based on my knowledge, the financial statements, and other financial information included in this amended annual report, fairly present in all material respects the financial condition, results of operations and cash flows of the company as of, and for, the periods presented in this report;
4. The company's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-(e)) for the company and we have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the company, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Evaluated the effectiveness of the company's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (c) Disclosed in this report any change in the company's internal control over financial reporting that occurred during the period covered by the annual report that has materially affected, or is reasonably likely to materially affect, the company's internal control over financial reporting; and
5. The company's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the company's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the company's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the company's internal control over financial reporting.

Date: December 21, 2004

/s/ ALEJANDRO DE LA FUENTE GOIC

Name: Alejandro de la Fuente Goic

Title: Chief Financial Officer

Certification of Chief Executive Officer

I, Enrique Cueto Plaza, certify that:

1. I have reviewed this amended annual report on Form 20-F of Lan Airlines S.A.;
2. Based on my knowledge, this amended annual report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this amended annual report;
3. Based on my knowledge, the financial statements, and other financial information included in this amended annual report, fairly present in all material respects the financial condition, results of operations and cash flows of the company as of, and for, the periods presented in this report;
4. The company's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) for the company and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the company, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Evaluated the effectiveness of the company's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (c) Disclosed in this report any change in the company's internal control over financial reporting that occurred during the period covered by the annual report that has materially affected, or is reasonably likely to materially affect, the company's internal control over financial reporting; and
5. The company's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the company's auditors and the audit committee of company's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the company's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the company's internal control over financial reporting.

Date: December 21, 2004

/s/ ENRIQUE CUETO PLAZA

Name: Enrique Cueto Plaza

Title: Chief Executive Officer

Exhibit 12.1
Certification

Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
(Subsections (a) and (b) of Section 1350, Chapter 63 of Title 18, United States Code)

Pursuant to section 906 of the Sarbanes-Oxley Act of 2002 (subsections (a) and (b) of section 1350, chapter 63 of title 18, United States Code), each of the undersigned officers of Lan Airlines S.A. (the “Company”), does hereby certify, to such officer’s knowledge, that:

The Annual Report on Form 20-F for the fiscal year ended December 31, 2003, as amended (the “Form 20-F”) of the Company fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934 and information contained in the Form 20-F fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: December 21, 2004

/s/ Enrique Cueto Plaza
Name: Enrique Cueto Plaza
Title: Chief Executive Officer

Date: December 21, 2004

/s/Alejandro de la Fuente Goic
Name: Alejandro de la Fuente Goic
Title: Chief Financial Officer

A signed original of this written statement required by Section 906 of the Sarbanes-Oxley Act of 2002 has been provided to the Company and will be retained by the Company and furnished to the Securities and Exchange Commission or its staff upon request.
