

Fourth Quarter 2010 Results Presentation

January 26, 2011



This presentation may include forward-looking comments regarding the Company's business outlook and anticipated financial and operating results. These expectations are highly dependent on the economy, the airline industry, commodity prices, international markets and external events. Therefore, they are subject to change and we undertake no obligation to publicly update or revise any forward looking statements to reflect events or circumstances that may arise after the date of this presentation. More information on the risk factors that could affect our results are contained on our Form 20-F for the year ended December 31, 2009.

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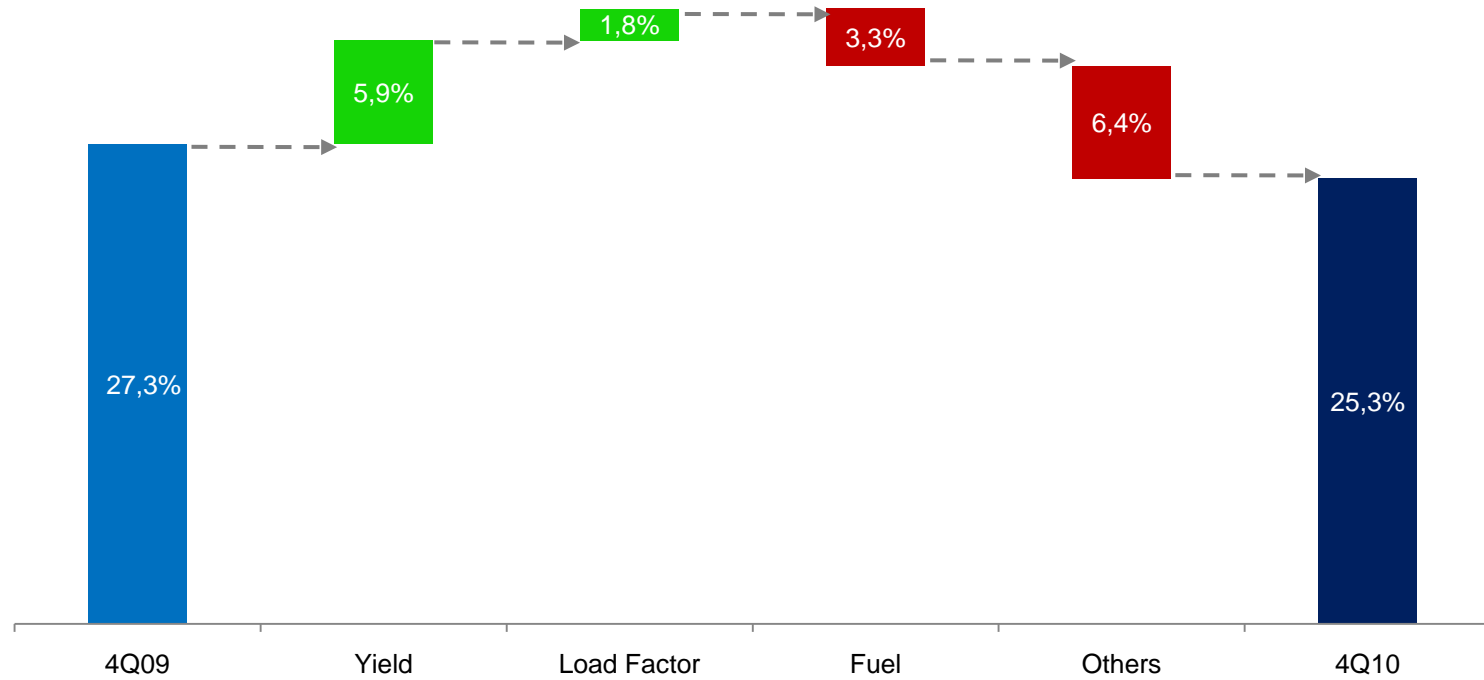
Highlights 4Q and FY 2010

(US\$ million)	4Q 2010	% Change (YoY)	FY 2010	% Change (YoY)
Total Revenues	1,302	21.6%	4,523	23.7%
Passenger Revenues	888	17.3%	3,110	18.5%
Cargo Revenues	370	31.2%	1,281	43.0%
Total Operating Expenses	-1,092	24.0%	-3,900	21.1%
Operating Income	211	10.7%	623	43.0%
Operating Margin	16.2%	-1.6 pp	13.8%	1.9 pp
Net Income	165	49.9%	420	81.6%
EBITDAR *	330	12.9%	1,063	29.1%
EBITDAR Margin	25.3%	-2.0 pp	23.5%	1.0 pp

- 4Q 2010 results reflect strong growth in both passenger and cargo businesses
- Net income for the quarter includes a US\$14 million (pre tax) non operating reversal of the provision related to the investigation in the cargo business carried out by the European Commission
- EBITDAR margin increased 1.0 point for FY 2010, reaching 23.5%

* EBITDAR = Operating income + depreciation & amortization + aircraft rentals

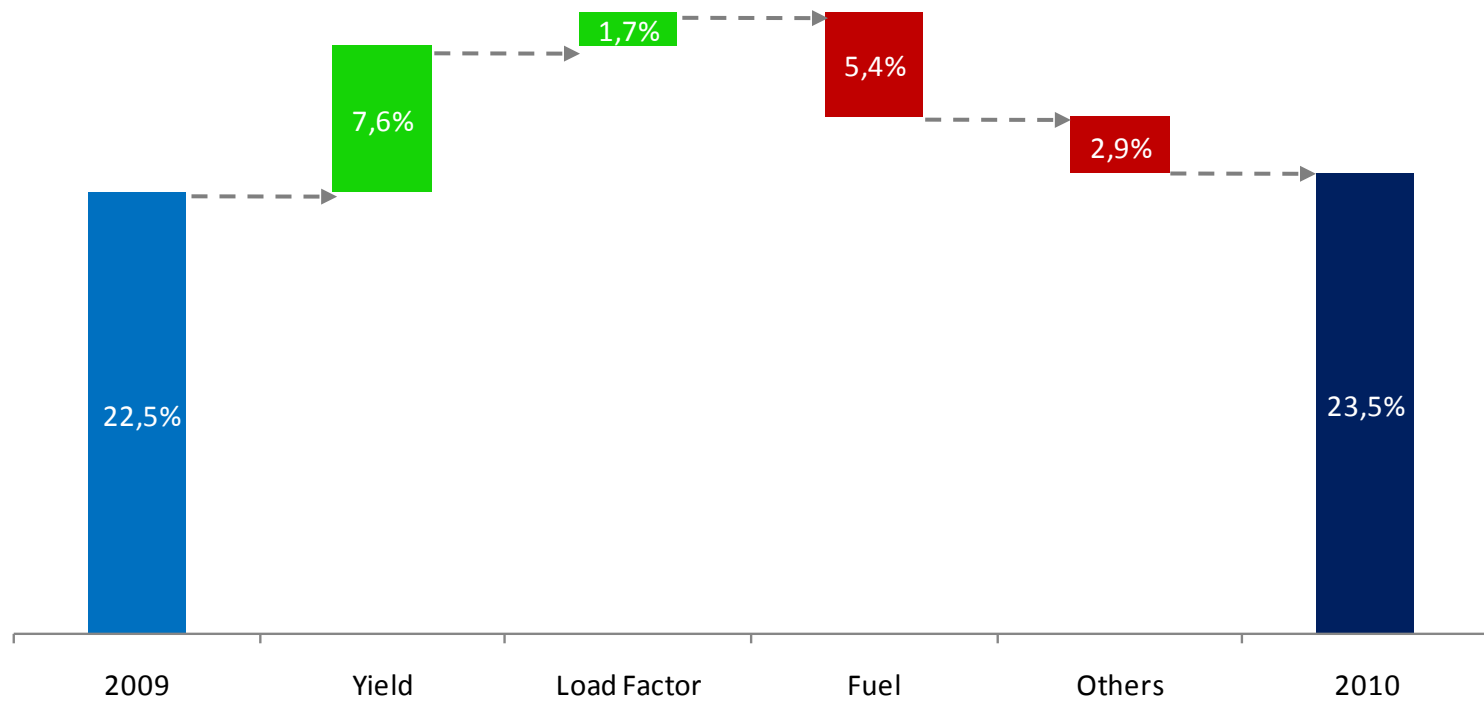
4Q 2010 - EBITDAR Margin Analysis



2.14	—————	Fuel Price* [US\$]	—————>	2.46	+14.8%
292	—————	EBITDAR** [MMUS\$]	—————>	330	+12.9%

*Fuel price excludes fuel hedge **EBITDAR Margin = (Operating income + depreciation & amortization + aircraft rentals) / Revenues

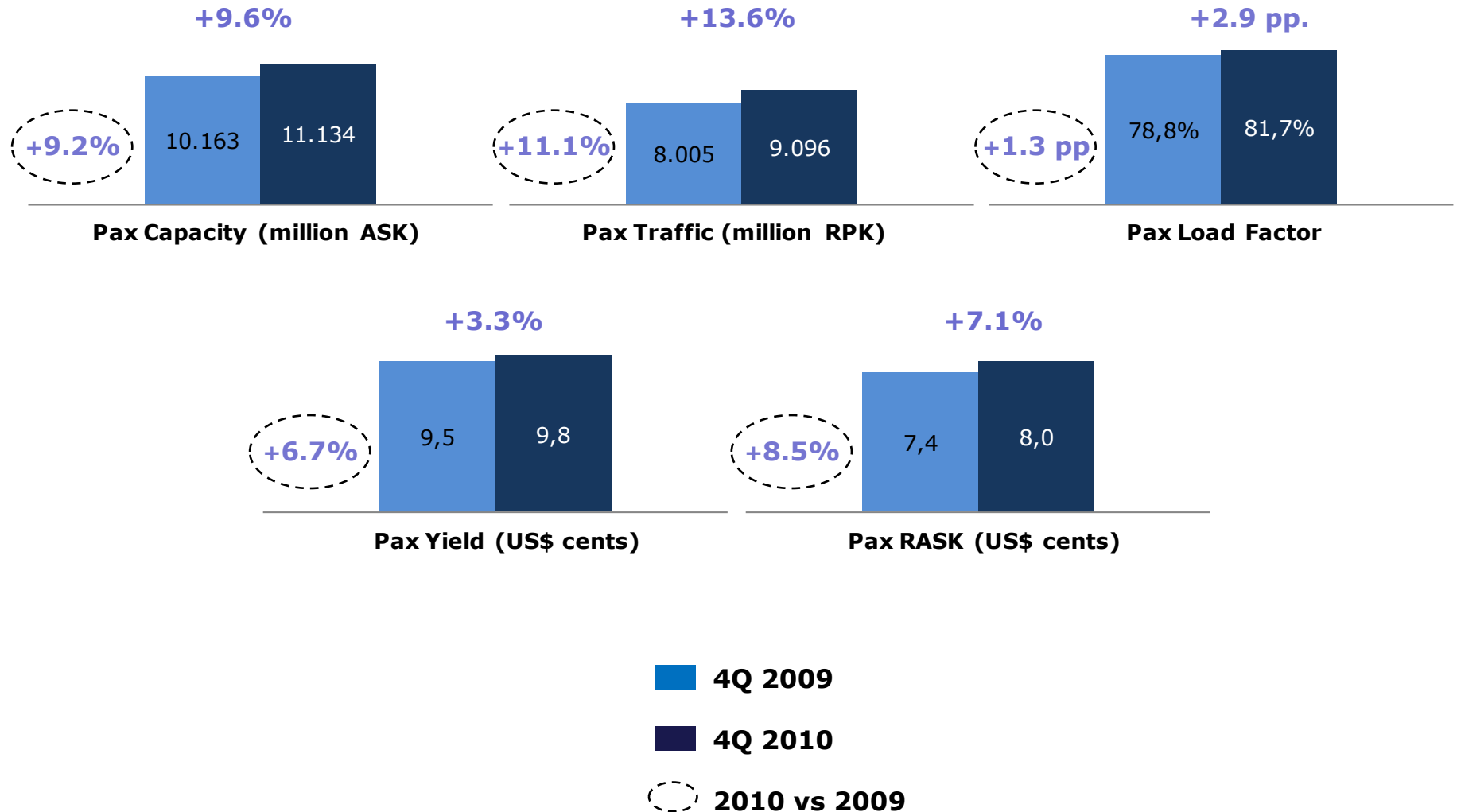
FY 2010 - EBITDAR Margin Improves 1 pp



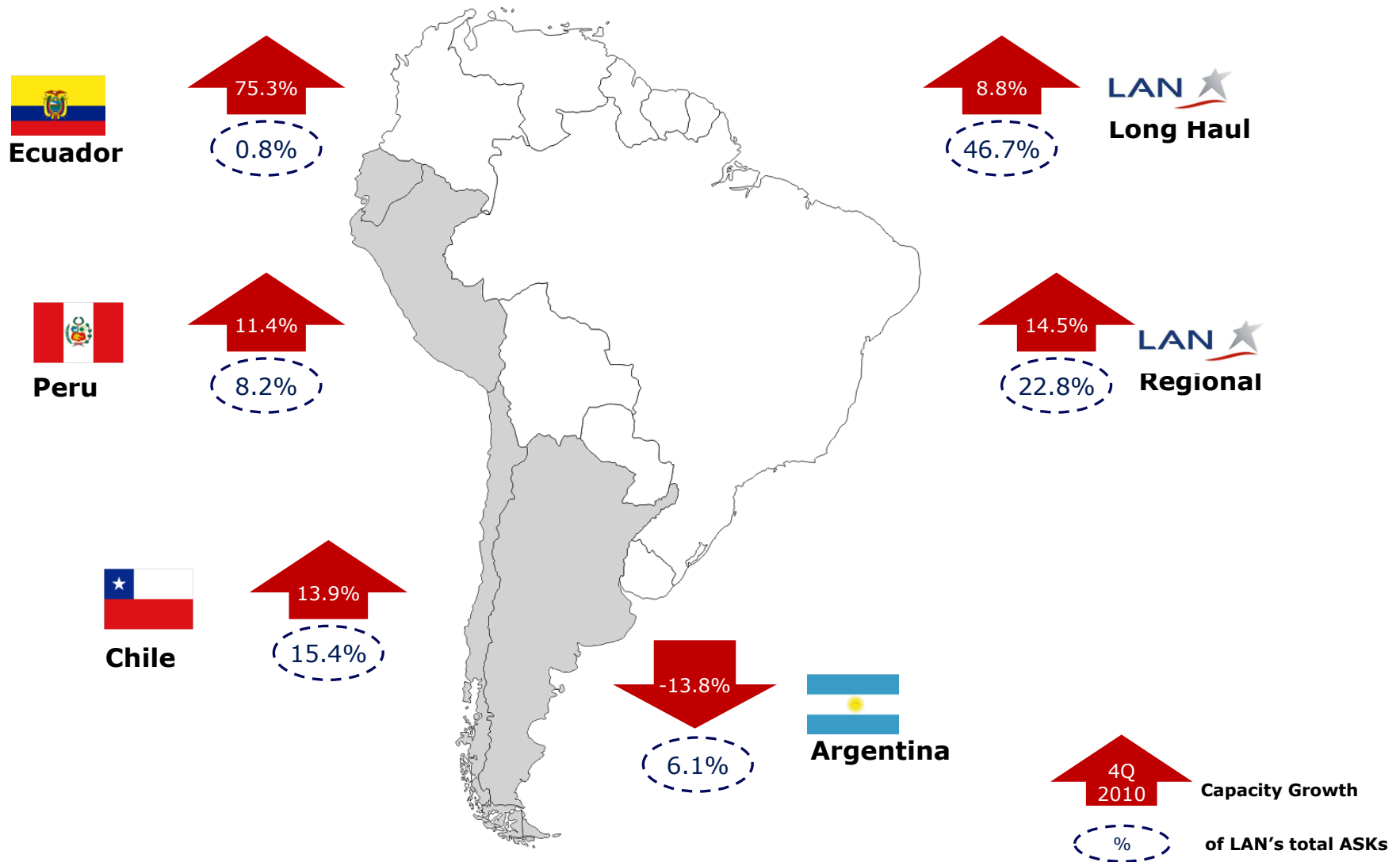
1.84	—————	Fuel Price* [US\$]	—————>	2.32	+26.4%
823	—————	EBITDAR** [MMUS\$]	—————>	1,063	+29.1%

*Fuel price excludes fuel hedge **EBITDAR Margin = (Operating income + depreciation & amortization + aircraft rentals) / Revenues

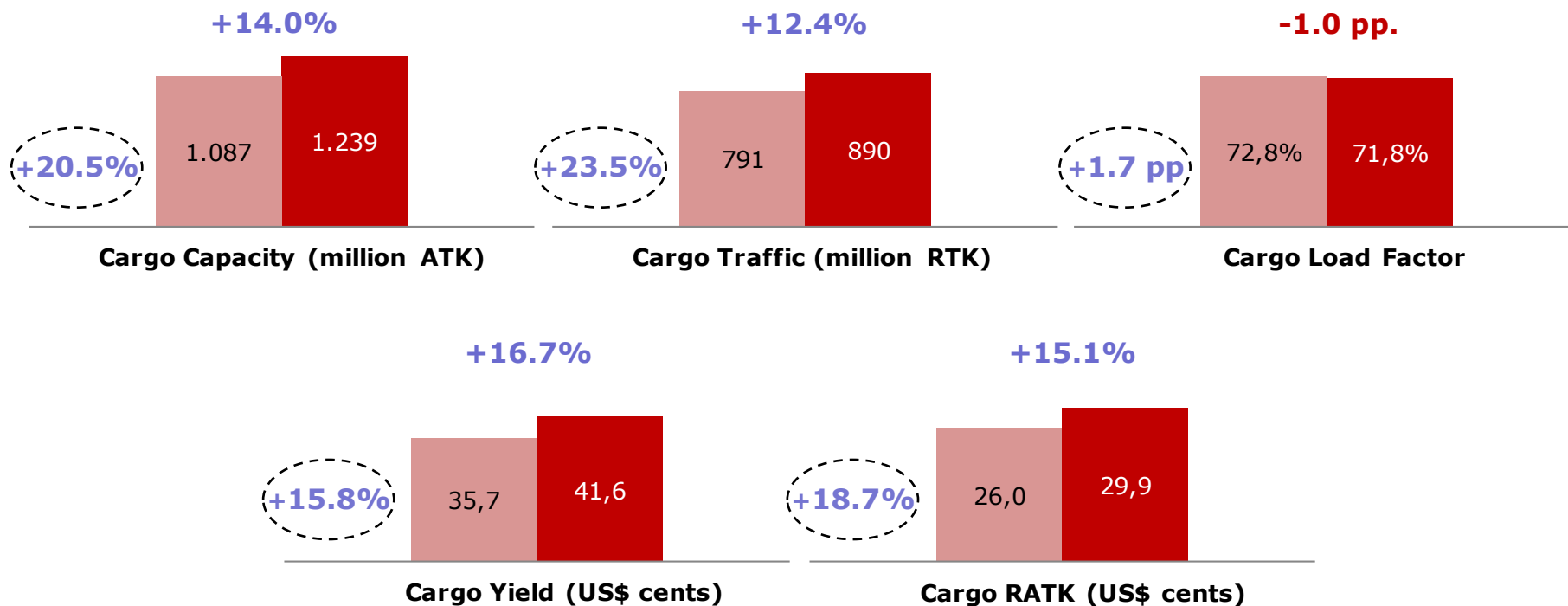
Passenger Business - Revenue Increases 17.3% in 4Q 2010



Passenger Business – 9.6% Capacity Growth in 4Q 2010












Cargo Business - Revenue Increases 31.2% in 4Q 2010



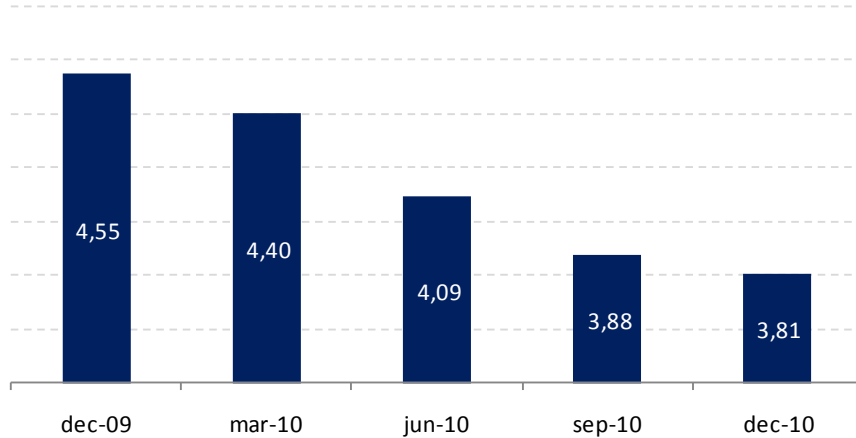
4Q 2009
 4Q 2010
 2010 vs 2009

4Q 2010- Cost Analysis

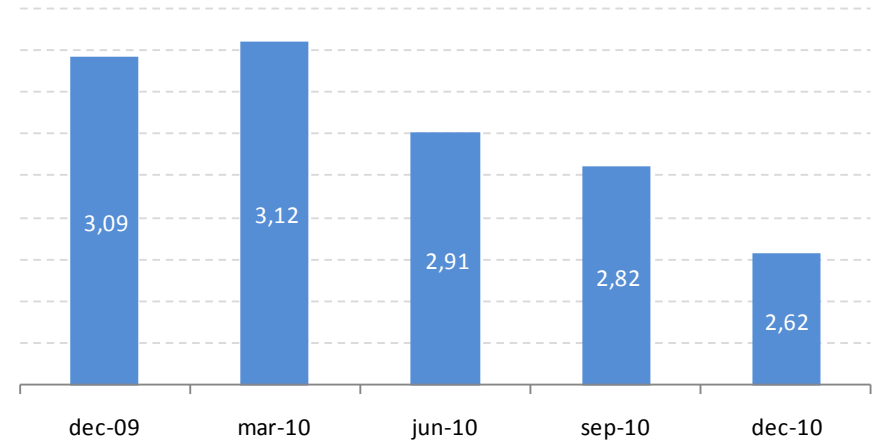
Costs (US\$ millions)	4Q10	4Q09	Variation (%)		<u>MAIN IMPACTS</u>
Wages & Benefits	229	176	29.7%		Increased headcount and appreciation of local currencies
Fuel Costs	319	264	20.8%		Higher fuel costs offset by fuel hedge gain
Commissions to Agents	49	40	20.5%		Increase in passenger and cargo traffic revenues
Depreciation & Amortization	92	78	17.8%		Delivery of 1 B767-300 and 8 A320s
Other Rental & Landing Fees	173	132	31.5%		Higher handling costs, aeronautical rates and ACMI leases
Passenger Service	32	26	22.0%		More passengers transported and higher compensations
Aircraft Rentals	27	24	14.5%		Incorporation of 2 B767F and 2 A320s
Maintenance Expenses	29	28	4.0%		Larger fleet and lower maintenance payments to third parties
Other Operating Expenses	142	112	27.0%		Higher advertising, marketing, tour & travel services and other expenses
Total Costs	1,092	880	24.0%		

Solid Financial Position

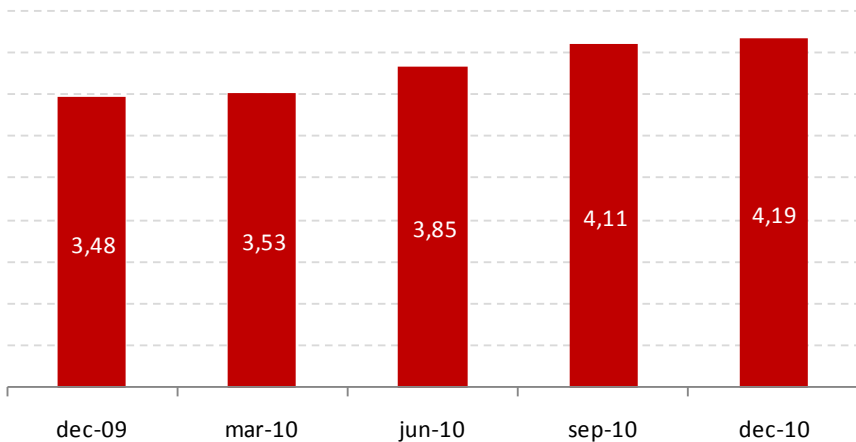
Adj. Debt/Ebitdar



Net Debt/ Ebitda



Ebitdar/Interest expenses

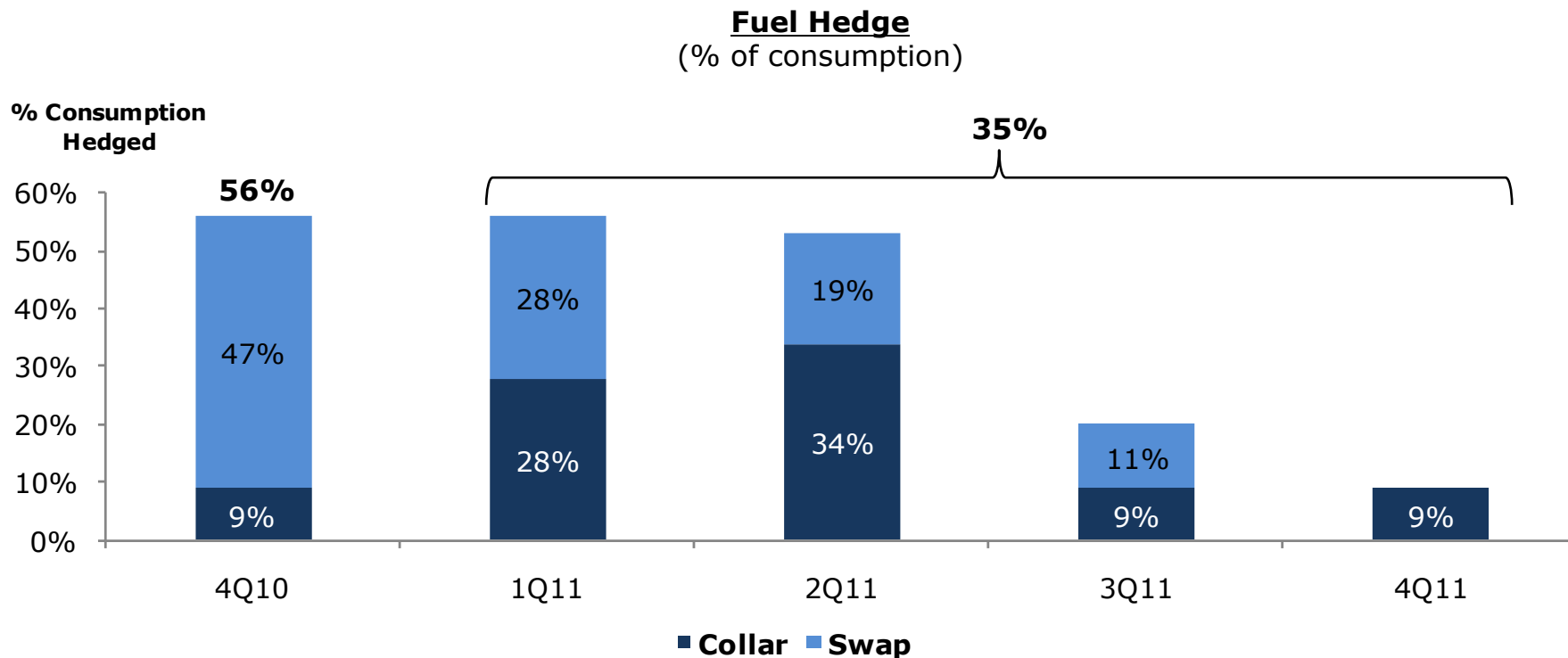


- December 2010 Cash Balance: US\$737 million, representing 16.3% of LTM revenues
- No short term debt
- Long term debt related to fleet financing
- Low interest rates

LAN remains one of the few investment grade airlines in the world

Fuel Hedge

→ LAN uses a fuel surcharge policy in both the passenger and cargo businesses



→ **Swap (WTI):** → \$78.5 → \$79.0 → \$79.3

→ **Collar (WTI):** → \$62/\$85 → \$68/\$100 → \$60/\$90 → \$60/\$90

* Note: Fuel Hedge position as of January 26, 2011.

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LATAM Airlines Group – Status and Next Steps

- On January 18, 2011 LAN and TAM signed **binding agreements** containing the definitive terms and conditions of the proposed business combination between both companies.

Next Steps:

Regulatory Approvals/Registrations:

- *Agencia Nacional de Aviacao Civil* of Brazil (ANAC)
- *Comissao de Valores Mobiliarios of Brazil* (CVM); *Superintendencia de Valores y Seguros* (Chile); *Securities & Exchange Commission* (USA)
- Antitrust authorities including Chile, Brazil, Spain, Germany, Italy and Argentina.

Shareholders Meetings

- LAN Shareholders Meeting to approve the transaction. Maximum 2.5% appraisal rights.
- TAM Shareholders Meeting to designate appraiser for the exchange ratio.

Exchange Offer and Closing

- TAM shareholders will be offered 0.9 LATAM shares. Success subject to minimum required to delist TAM and allow squeeze-out of remaining TAM stock.

→ **Closing of the transaction expected within 6 to 9 months**

Colombia – Turnaround of Colombian Airline AIRES

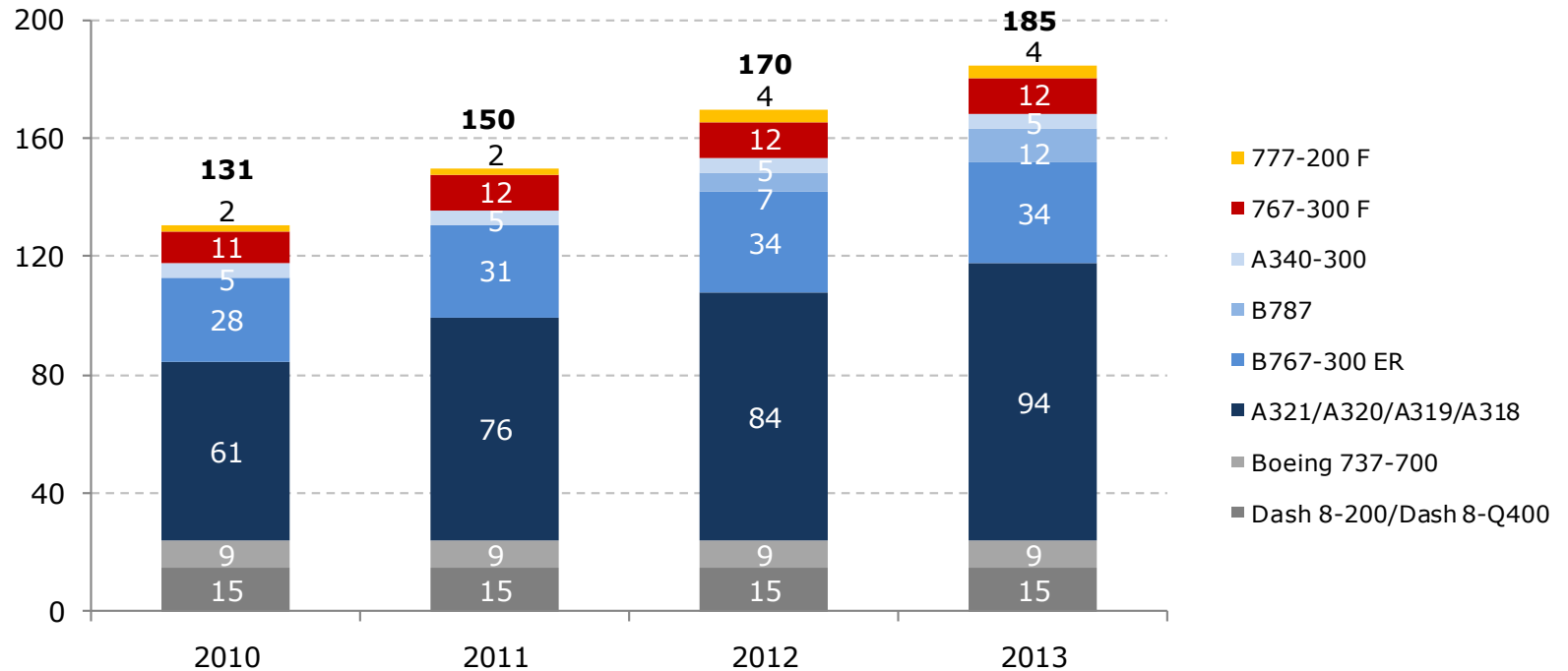


During the first half of 2011, LAN will focus on:

- ✓ Recover on-time performance
- ✓ Implement LAN safety/security standards
- ✓ Define the new organizational structure and infrastructure
- ✓ Recover profitability

LAN's Fleet Plan – Growth and Flexibility

LAN's Fleet Plan (2010 - 2013)



**Total Fleet
Capex (US\$ MM)**

434

1,015

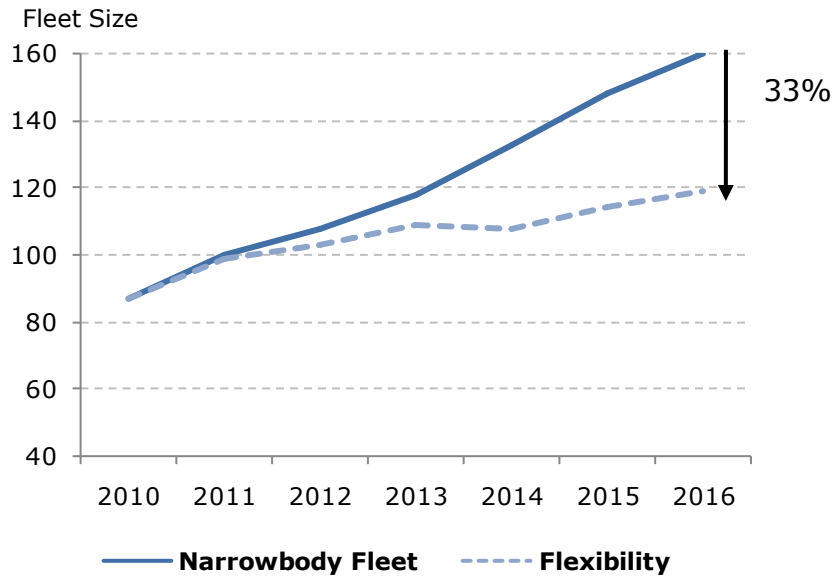
1,845

1,168

* Assumes the delay of two Boeing 787 Dreamliners from 2011 to 2012

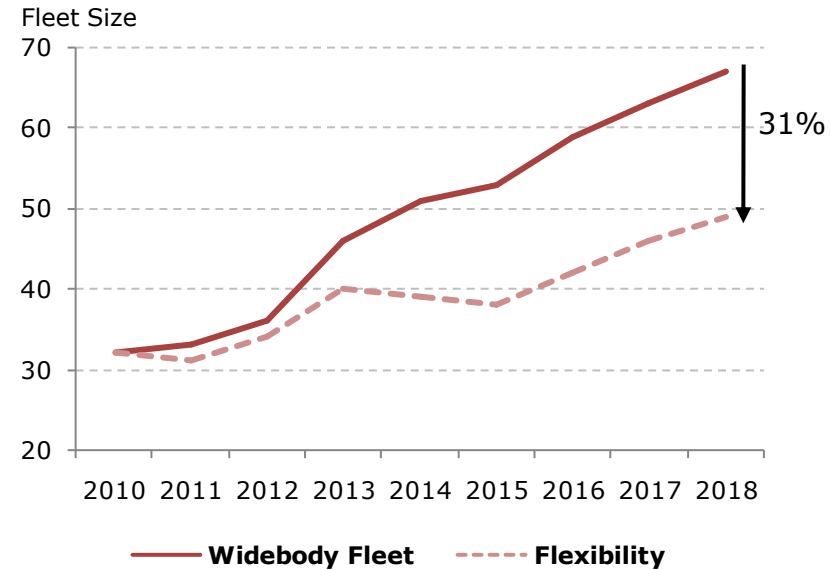
LAN's Fleet Plan – Growth and Flexibility

Narrowbody Fleet



→ Average yearly flexibility: 5.8 aircraft

Widebody Fleet

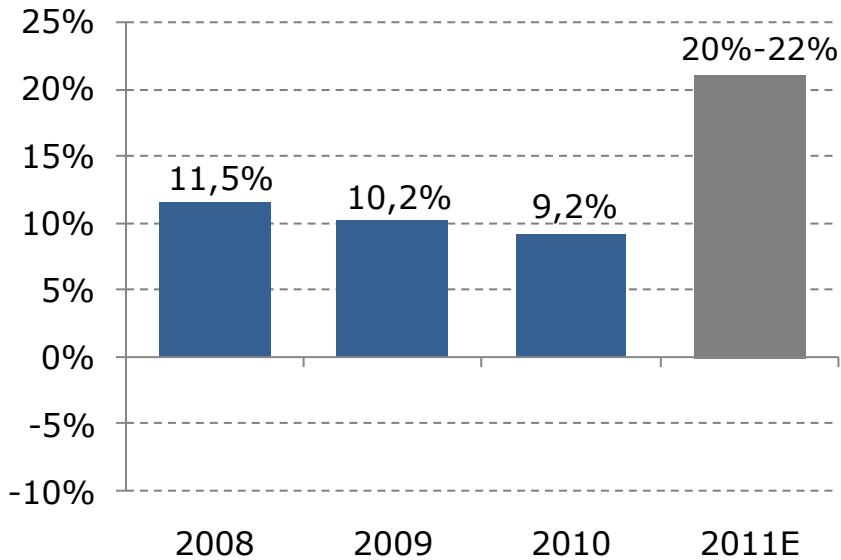


→ Average yearly flexibility: 2.4 aircraft

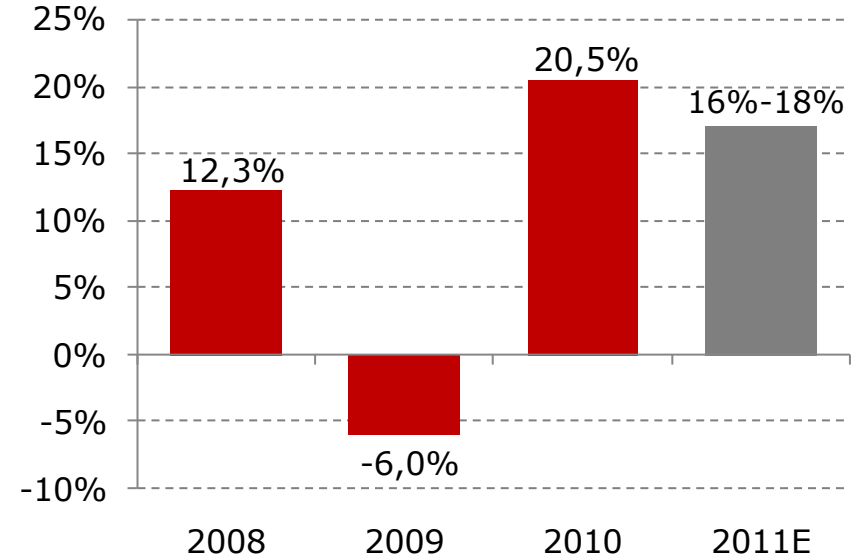
Additional flexibility comes from LAN's diversified market position, which allows aircraft to be moved between markets if necessary

2011 Estimated Capacity Expansion

Passenger ASK Growth



Cargo ATK Growth



- Expansion in international markets (frequencies)
- Strengthen Lima hub and increase connectivity within the region
- Continue growth in domestic markets

- 3 additional B767 freighters (2010-2011)
- Increased operations in Brazil and Europe
- Increased capacity in bellies of passenger aircraft

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