



**Third Quarter 2009 Results Presentation**  
**October 27, 2009**

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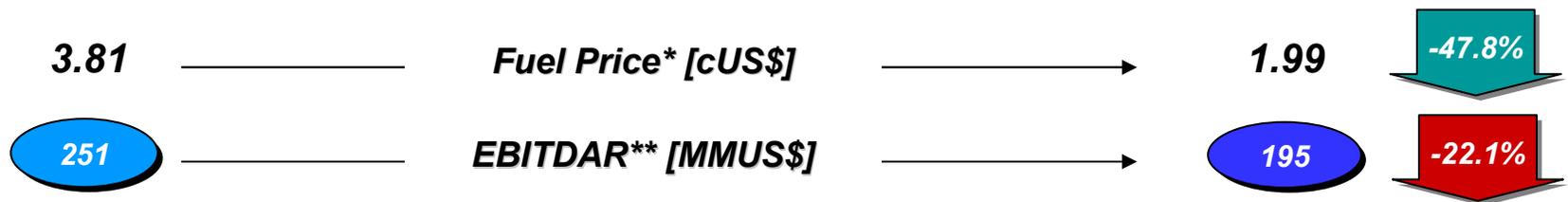
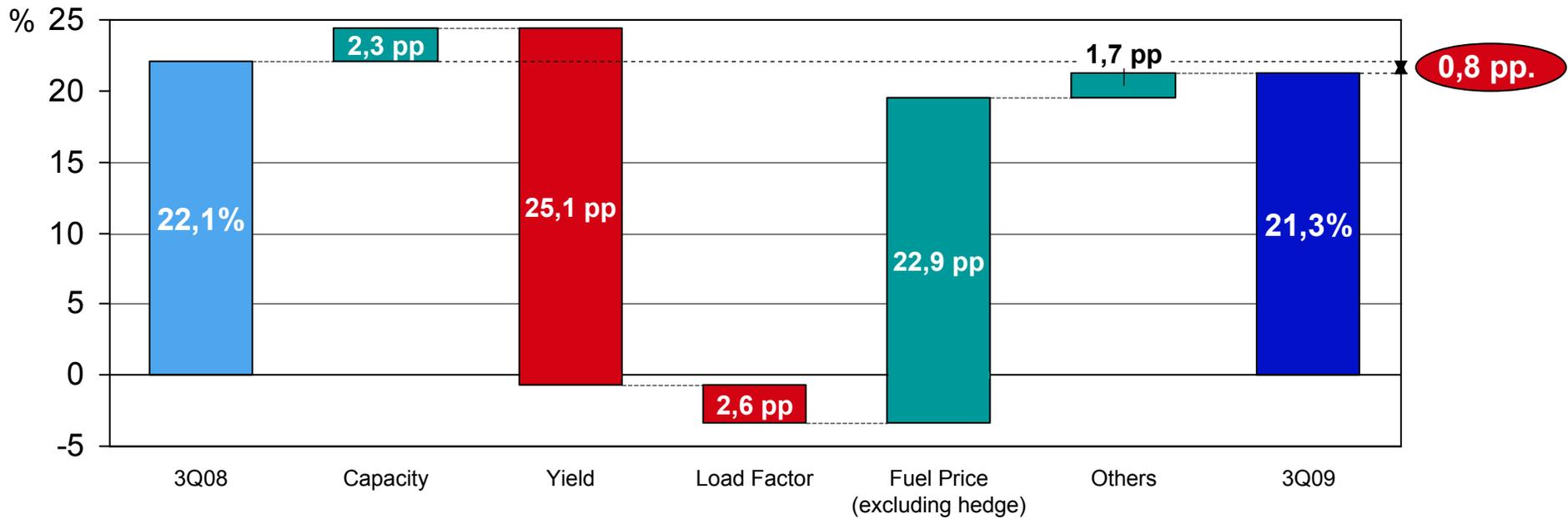
## 3Q09 Highlights

- Net Income for the third quarter 2009 reached US\$52.1 million.
- Total Revenue decline of 19.1% in 3Q09, offset in part by lower fuel costs.
- Margins affected by US\$14.4 million fuel hedge loss. Excluding this, EBITDAR Margin reached 22.9%.

<i>US\$ millions</i>	<b>3Q08</b>	<b>3Q09</b>	<b>% Chg</b>
Total Revenues	1,134	917	(19.1%)
Total Operating Expenses	(963)	(825)	(14.3%)
Operating Income	171	92	(46.1%)
<i>Operating Margin</i>	<i>15.1%</i>	<i>10.1%</i>	<i>(5.0 pp)</i>
Net Income	83	52	(37.3%)
EBITDAR*	251	195	(22.1%)
<i>EBITDAR Margin</i>	<i>22.1%</i>	<i>21.3%</i>	<i>(0.8 pp)</i>
<i>EBITDAR (ex fuel hedge)</i>	<i>222</i>	<i>210</i>	<i>(5.3%)</i>
<i>EBITDAR Margin (ex fuel hedge)</i>	<i>19.5%</i>	<i>22.9%</i>	<i>3.3 pp</i>

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

# 3Q09 – Lower Yields Offset by Lower Fuel Costs

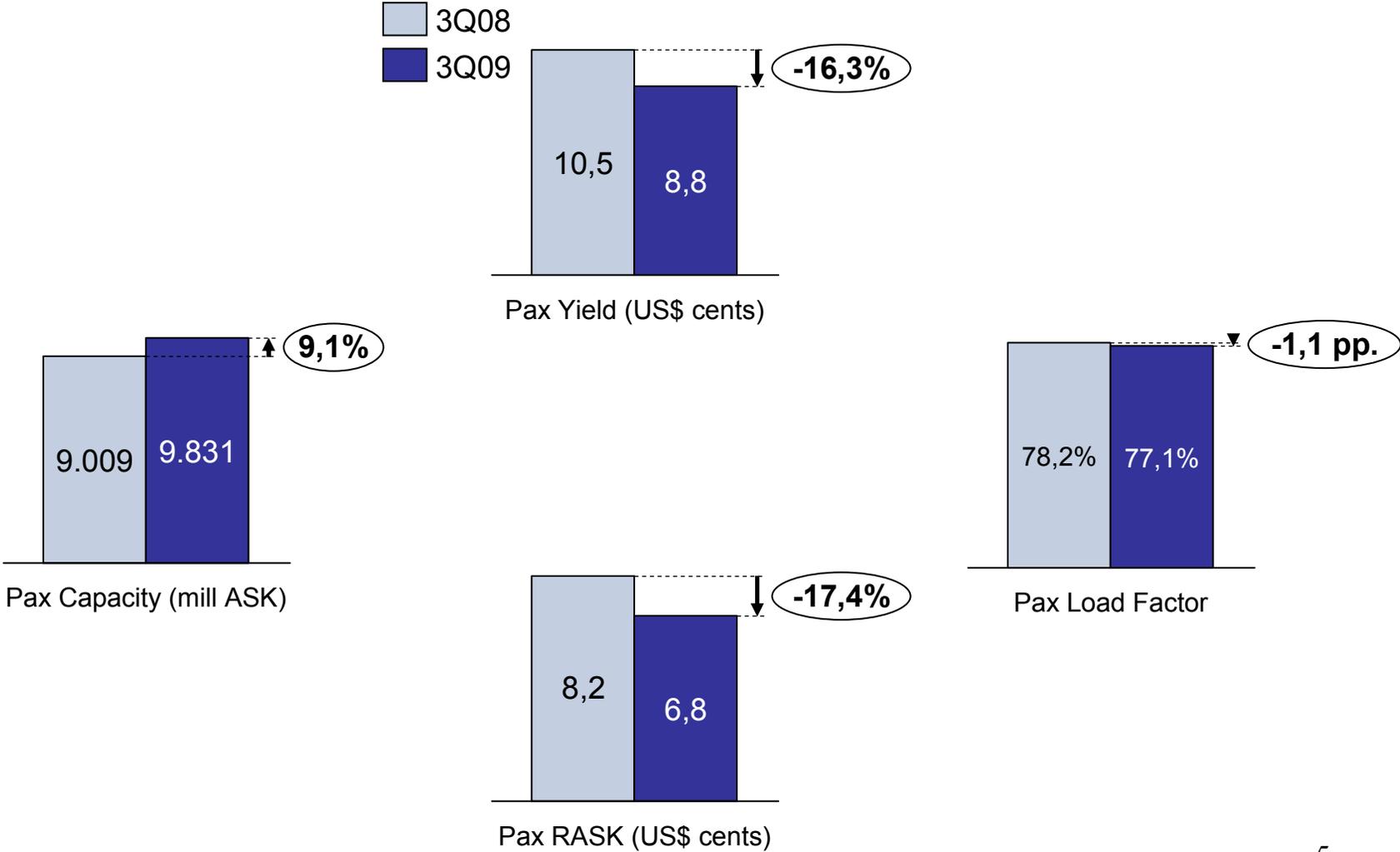


\*Fuel price excludes fuel hedge

\*\*EBITDAR Margin = Operating income + depreciation & amortization + aircraft rentals / Revenues

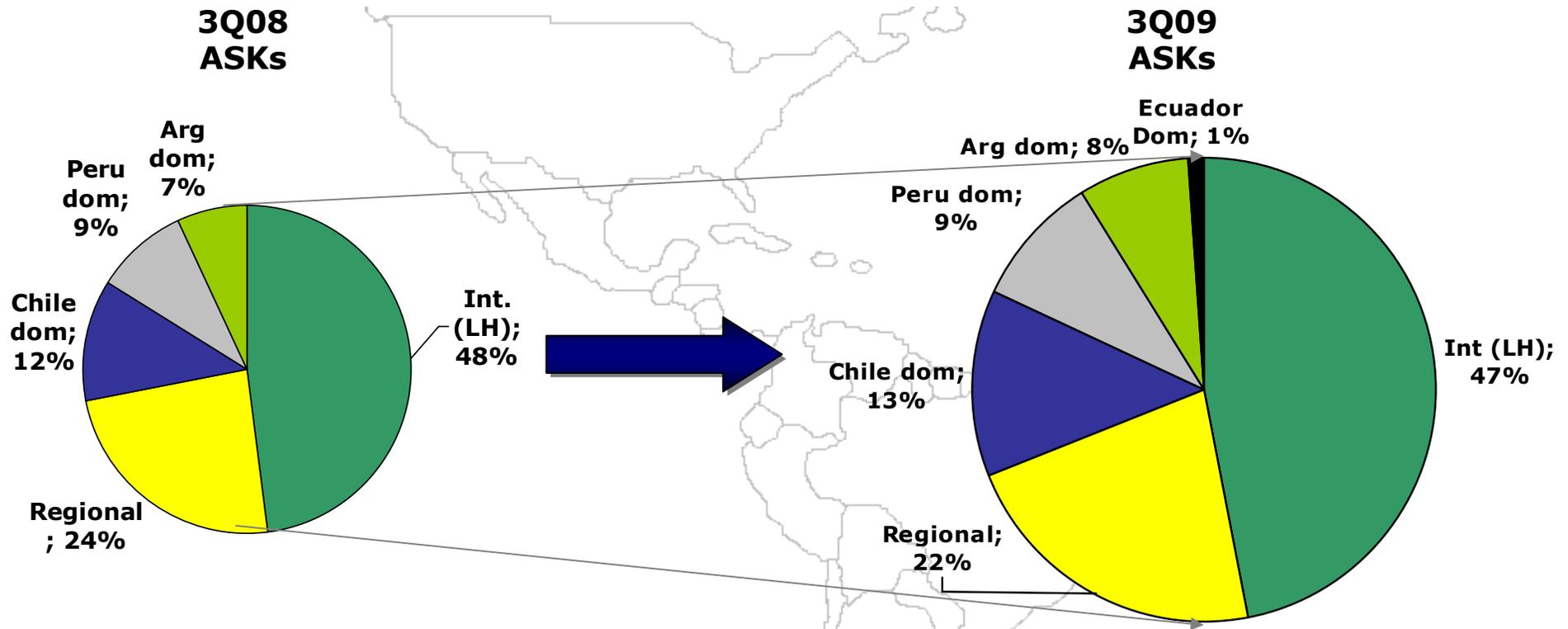
# Passenger Business Revenue Decreases 9.9%

Traffic growth of 7.6% offset by 16.3% decrease in yields.



# Important Growth in all Passenger Operations

*Despite weak global environment*

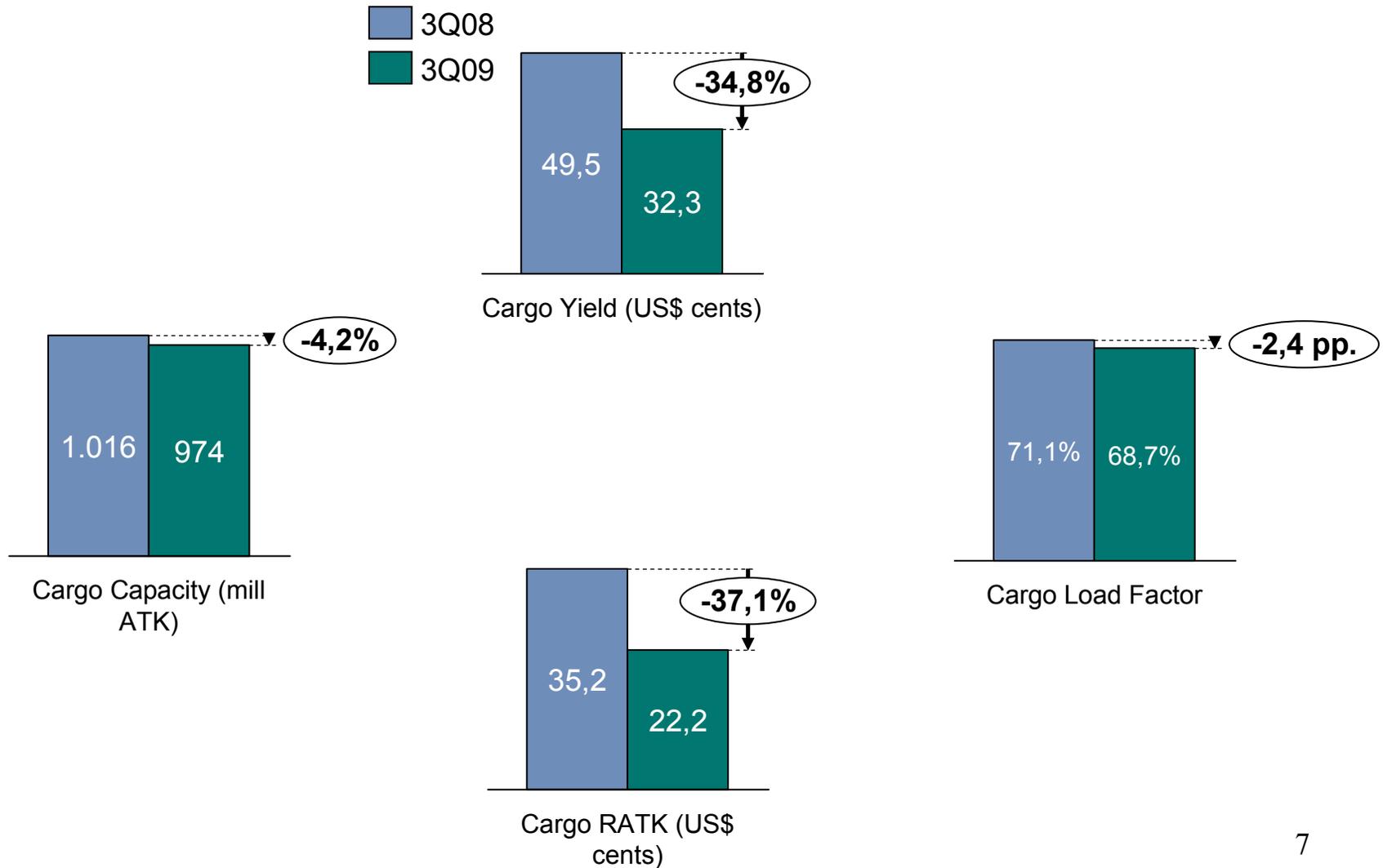


**Growth in ASK (3Q09 vs. 3Q08): +9%**

International (Long Haul)	+6%
Regional	+2%
Chile domestic	+19%
Peru domestic	+6%
Argentina domestic	+36%

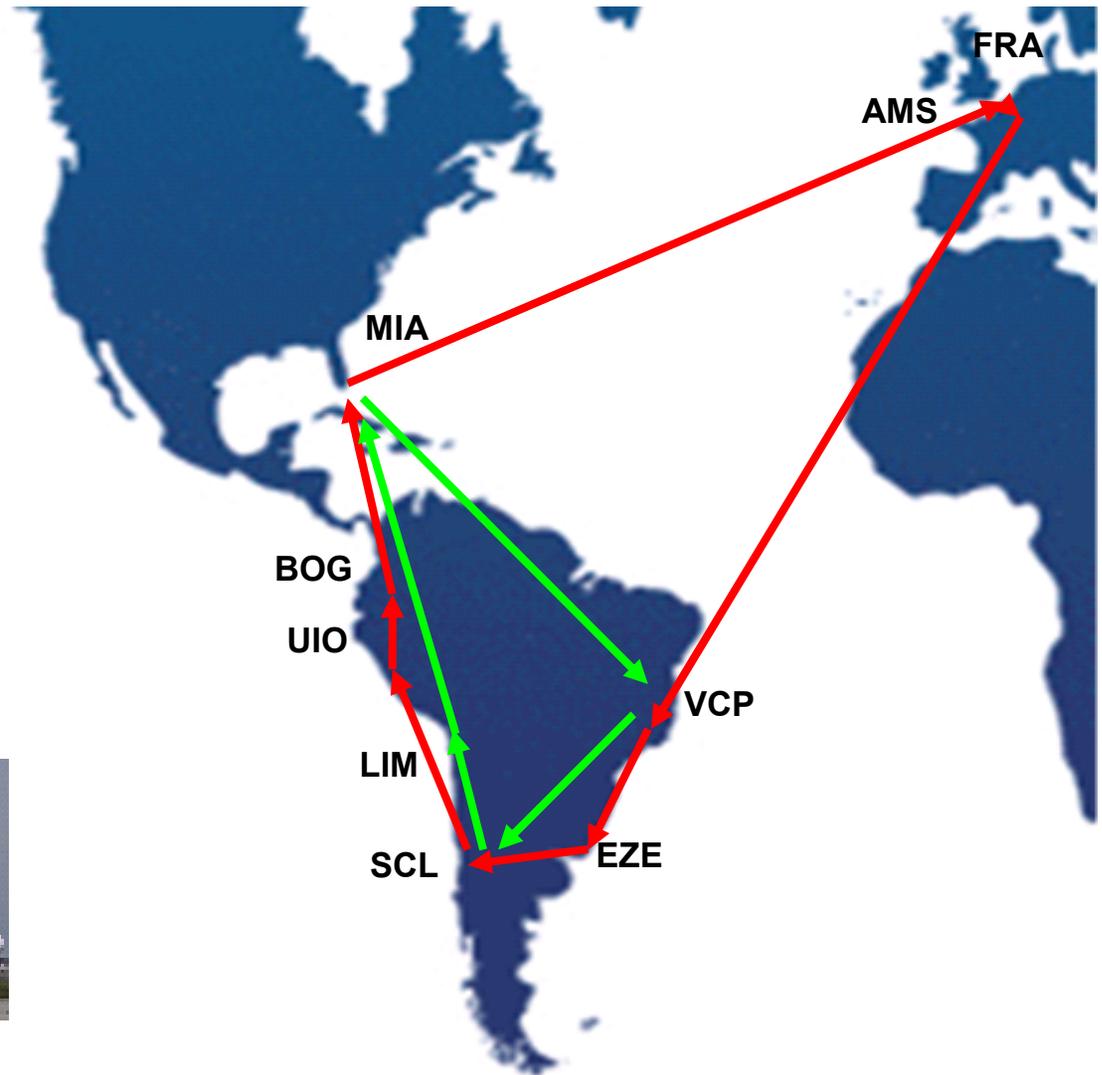
# Cargo Business Revenue Decreases 39.7%

*Driven by yield decline of 34.8% in 3Q09*



## Two B777 Freighters to Strengthen Cargo Operation

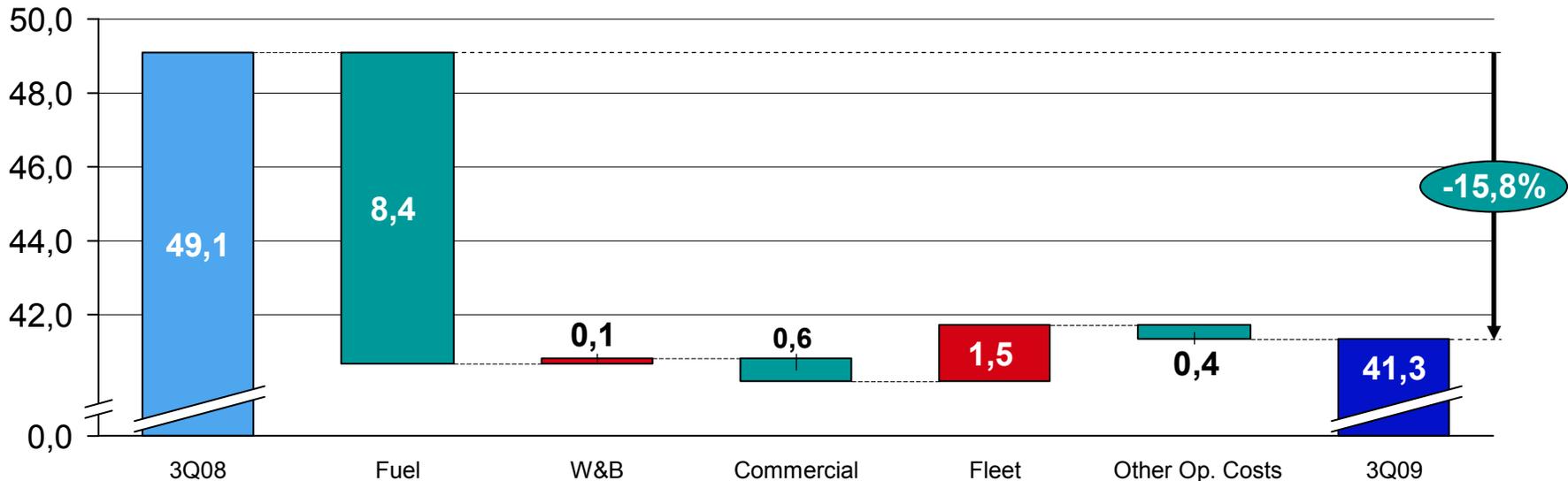
- Two B777 freighter aircraft arrived during April and May 2009.
- Most modern freighter in the region with competitive advantage in Cost /ATK.
- B777 will strengthen LAN Cargo operations in Europe.



## 3Q09 - Cost Analysis

Unit costs decline 15.8%; unit costs ex-fuel increased 2.2% in the quarter

CATK (US\$ cent)

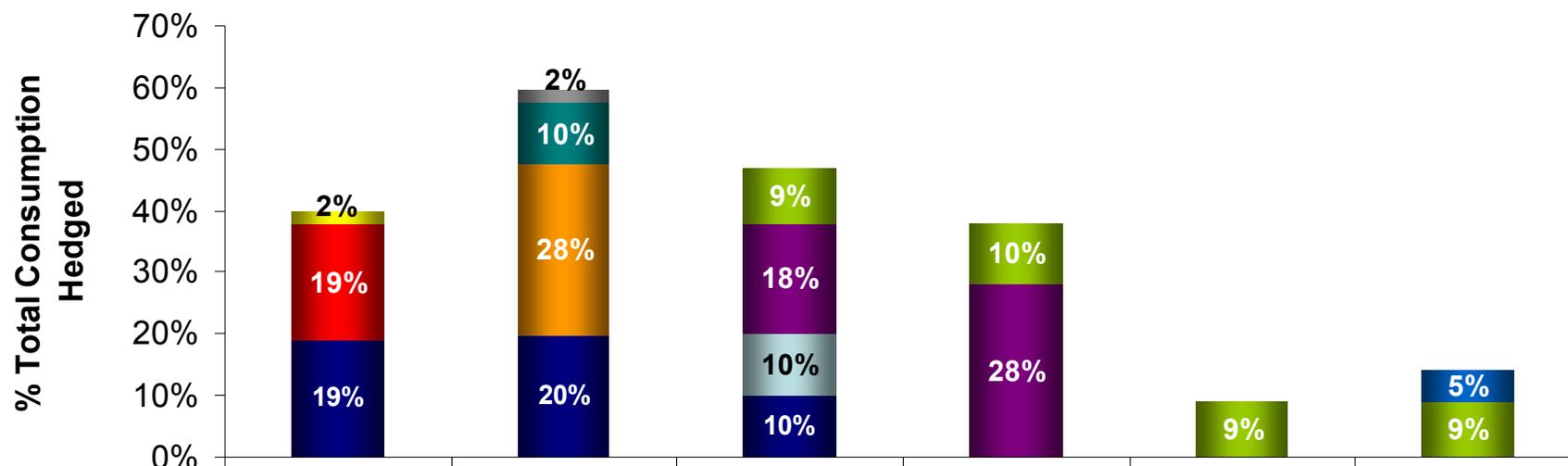


• Unit costs decreased 15.8% in 3Q09 driven by:

- Fuel costs decreased 39.2% driven by a 47.8% decline in fuel prices which was offset by a US\$14.4 million fuel hedge loss.
- Wages & Benefits increased 4.3%, driven mainly by an increase in average headcount.
- Commercial costs decreased in line with a 19.6% decrease in traffic revenues (passenger and cargo).
- Fleet Costs increased mainly driven by higher depreciation and an increase in average rental cost related with the reception of two B777 in 2009.
- Other Operating Costs decreased driven by lower use of wet leases during the quarter.

# Fuel Hedging

Fuel hedging loss of US\$14.4 million in 3Q09 vs. gain of US\$29.2 million in 3Q08



	3Q09	4Q09	1Q10	2Q10	3Q10	4Q10
ZCC US\$ 140-92/Bbl	19%	20%	10%	-	-	-
Call Option US\$ 70/Bbl	19%	-	-	-	-	-
Collar US\$ 70-55/Bbl	-	28%	-	-	-	-
Collar US\$ 80-50/Bbl	-	-	10%	-	-	-
Collar US\$ 80-55/Bbl	-	-	18%	28%	-	-
Swap US\$ 64/Bbl	2%	-	-	-	-	-
Swap US\$ 67/Bbl	-	10%	-	-	-	-
Swap US\$ 79/Bbl	-	-	9%	10%	9%	9%
Swap US\$ 84/Bbl	-	-	-	-	-	5%
Crack Spread US\$4/Bbl	-	2%	-	-	-	-
<b>Total Hedge</b>	<b>40%</b>	<b>60%</b>	<b>47%</b>	<b>38%</b>	<b>9%</b>	<b>14%</b>

Note: Hedging position as of October 27, 2009

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I. 3Q09 Financial Results

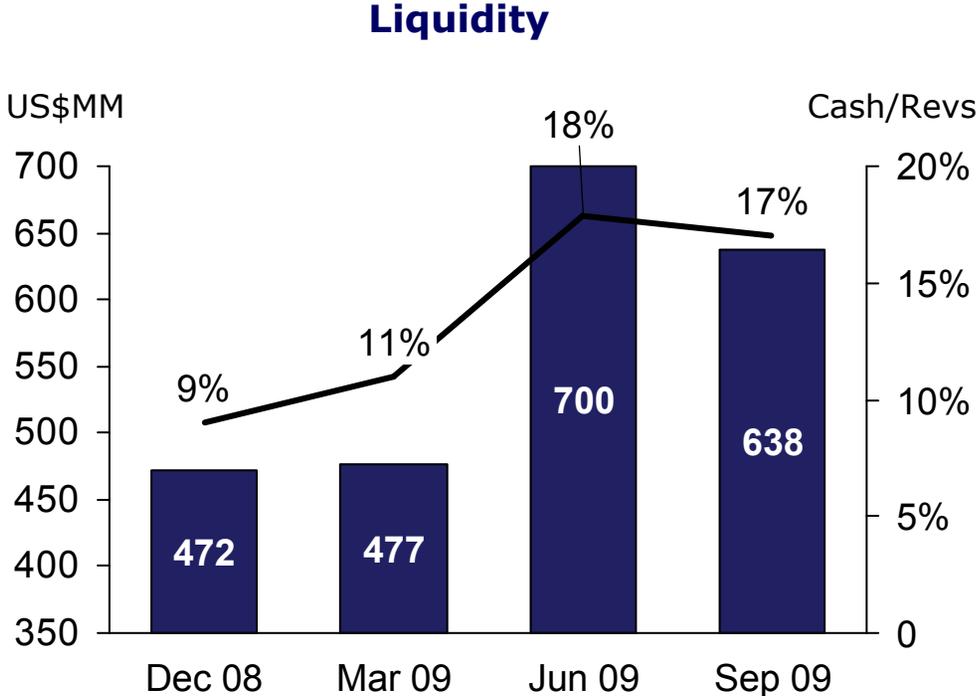
II. Strategic Initiatives

# Solid Financial Position

→ 3Q09 Cash Balance: US\$638 million, representing 17% of LTM revenues.

→ Financing Initiatives:

1. Completed financing for 3 Boeing B767s, to be supported by EX-IM Bank.
2. Completed bank financing for PDP's related to 15 A320 Family aircraft.
3. In the final stage of securing financing for three spare engines to be supported by EX-IM Bank.



## LANPASS Initiatives

*Increasing value for our customers*



- Currently we have 3.1 millions members in our Frequent Flyer Program LANPASS.
- During August, LANPASS launched a New Flexible Award Exchange program providing more flexibility to redeem miles. Program members can access a larger number of available seats for larger amounts of miles.
- Strengthening LANPASS brand by creating new alliances such as the VISA-LANPASS credit card in Ecuador and co-branding campaigns in Argentina, Uruguay and Chile.



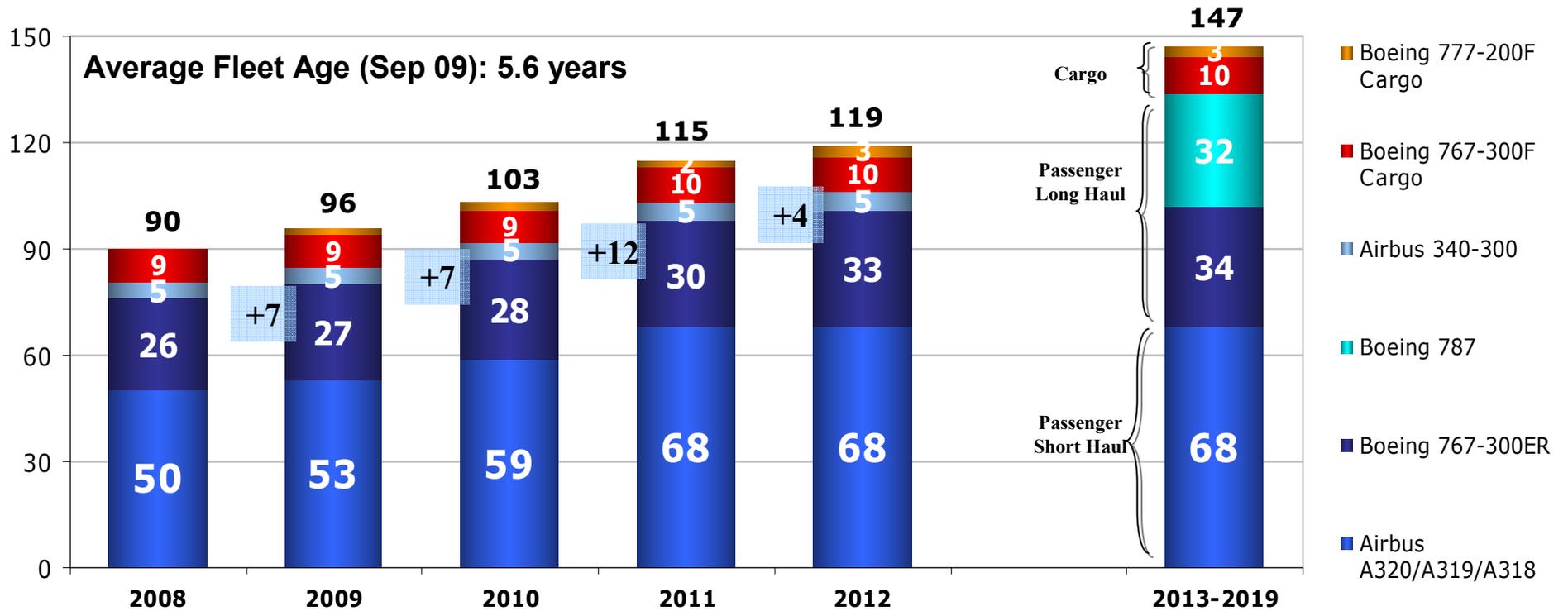
## Winglets Project

*Twelve of our Boeing 767 operating with winglets*

- In process of installing winglets on all of LAN's B767 fleet (9 freighters and 28 passenger aircrafts)
- Project to be completed in August 2010 with an investment of US\$ 70 million.
- Fuel efficiency and environmentally focused: 5% more fuel efficiency on long haul flights representing 11.5 million gallons less in consumption in 2010, as well as 320 miles additional autonomy.



# Fleet Plan

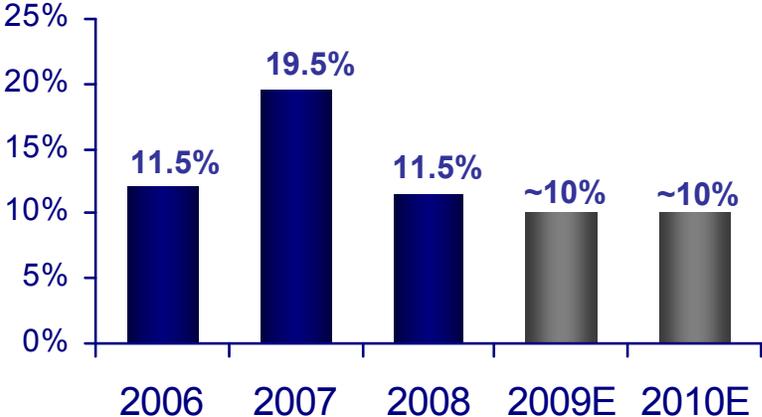


CAPEX	2009	2010	2011	2012	2013-19
Aircraft	356	332	625	441	3.380
Non Aircraft	165	124	109	84	

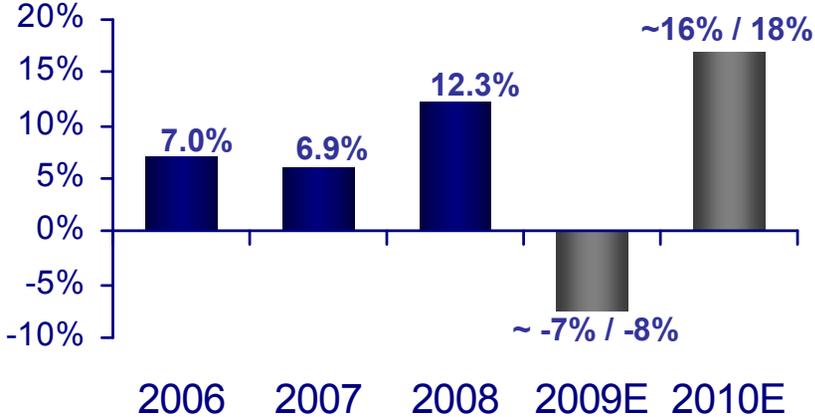
**US\$5.1 Billion**  
2009-2019

# 2009 - 2010 Estimated Capacity Expansion

### Passenger ASK Growth



### Cargo ATK Growth





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