



Second Quarter 2008 Results Presentation
July 30, 2008

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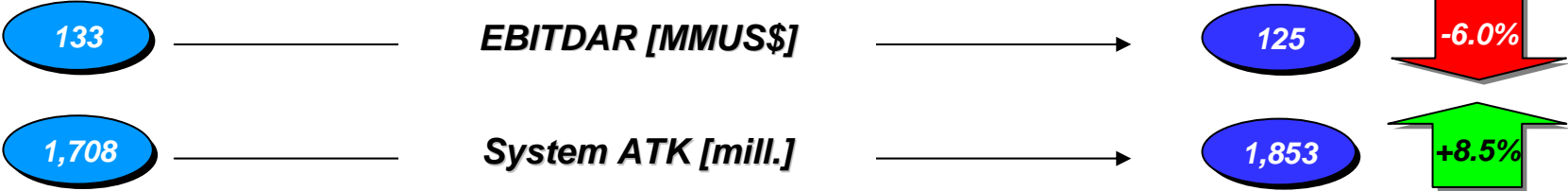
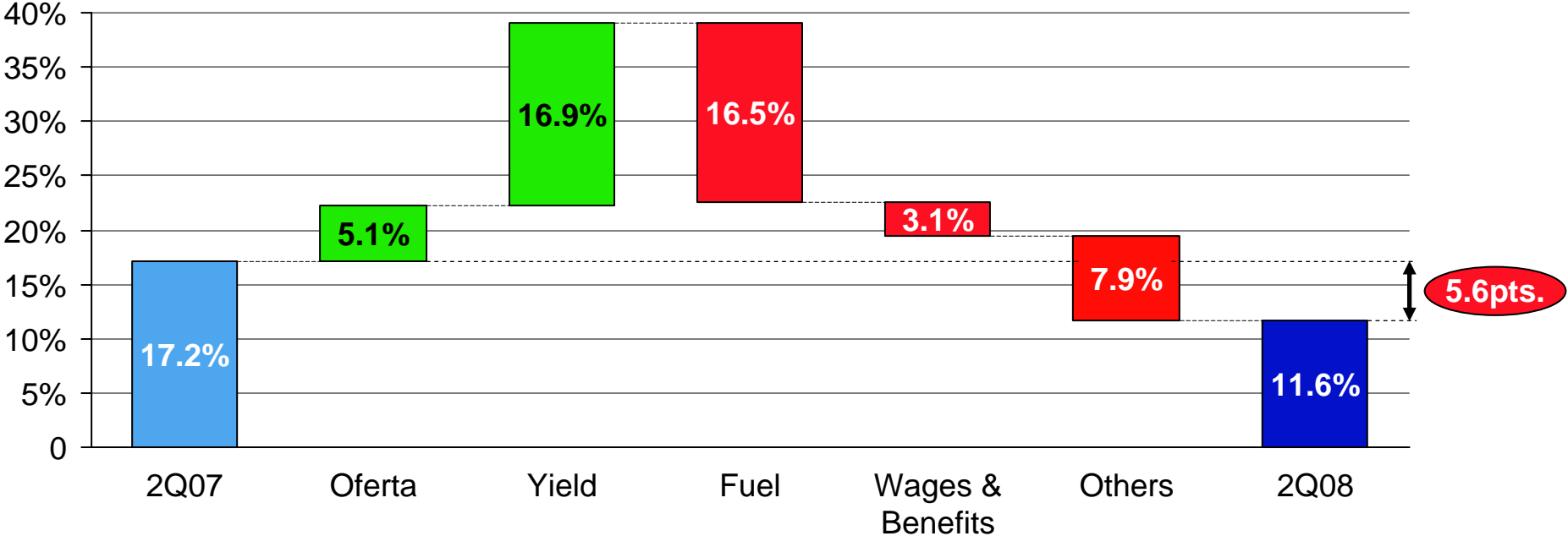
2Q08 Highlights

- LAN achieved a **strong operating performance** as a 38.8% increase in revenues outpaced a 8.5% growth in system capacity.
- Despite high fuel prices, LAN reported a **10.7% increase in net income** and a **4.1% operating margin**. Once again, LAN demonstrated the resiliency of its business model and its ability to operate in a high fuel price environment.
- **EBITDAR Margins** for 2Q08 reached 11.6%, a 5.5 pp decrease with respect to 2Q07. However, EBITDAR adjusted with the fuel hedging gain reached 14.4%.

<i>US\$ millions</i>	2Q07	2Q08	% Chg
Revenues	773	1.072	38.8%
Passenger	458	624	36.2%
Cargo	277	413	49.0%
Other	37	35	-5.4%
Total Operating Expenses	(714)	(1.029)	44.2%
Operating Income	59	44	-26.2%
<i>Operating Margin</i>	<i>7.7%</i>	<i>4.1%</i>	<i>-3.6 pp</i>
Net Income	43	47	10.7%
EBITDAR*	133	125	-6.0%
<i>EBITDAR Margin</i>	<i>17.2%</i>	<i>11.6%</i>	<i>-5.6 pp</i>

* EBITDAR = Operating income + depreciation & amortization + aircraft rentals (does not include fuel hedging gains/losses)

2Q08 - EBITDAR Margin Affected by High Fuel Prices



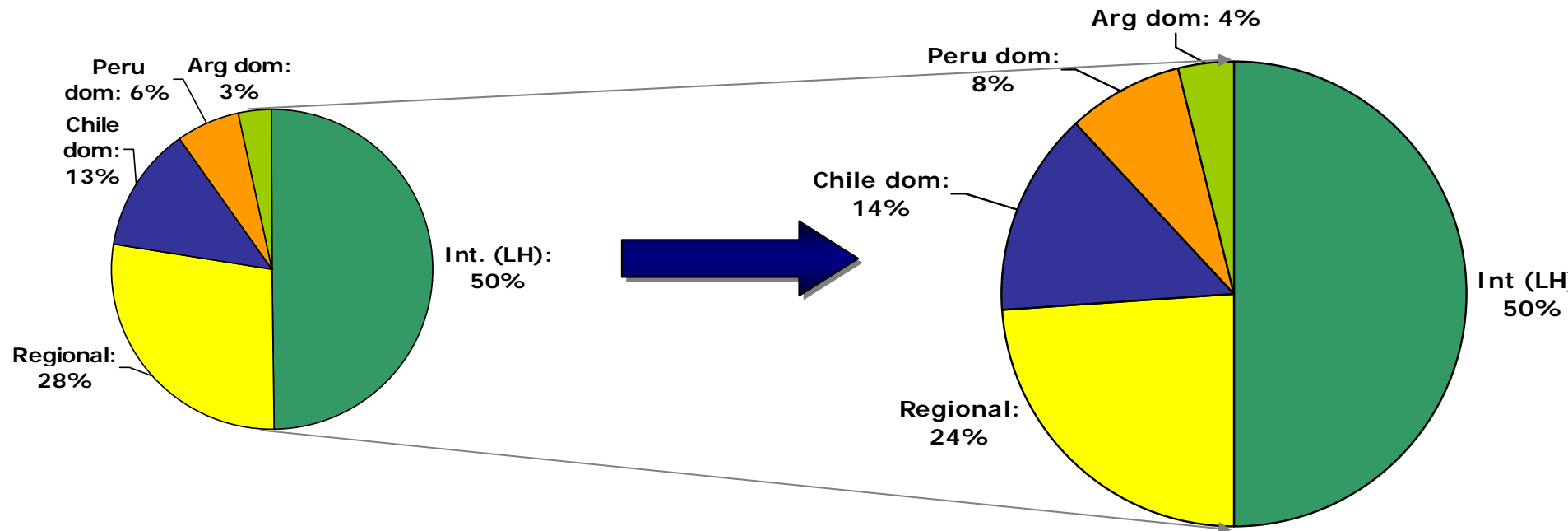
EBITDAR Margin = Operating income + depreciation & amortization + aircraft rentals / Revenues

Important Growth in all Passenger Operations

International long-haul and domestic operations were the main drivers of ASK growth in the passenger business

**2Q07
ASKs**

**2Q08
ASKs**

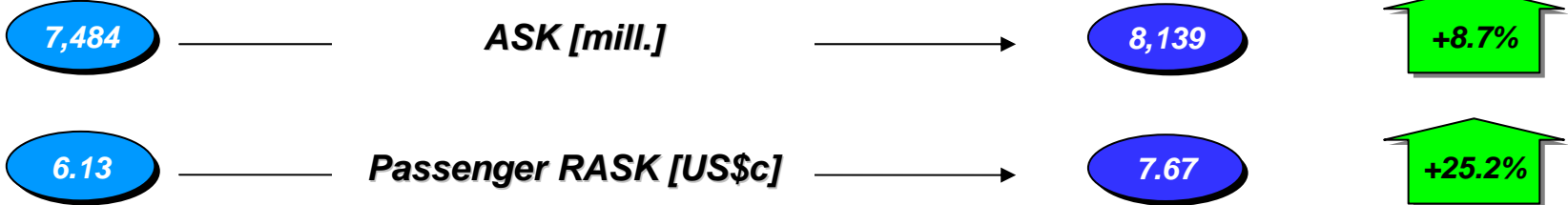
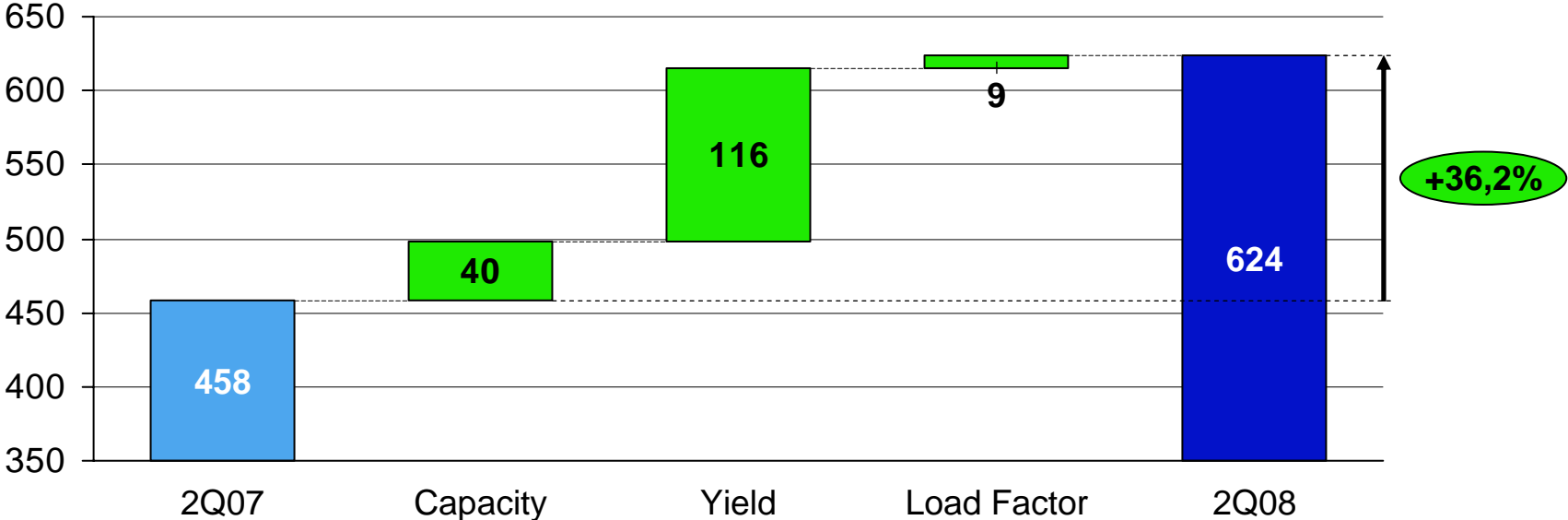


Growth in ASK (2Q08 vs. 2Q07): +9%

International (Long Haul)	+10%
Regional	- 6%
Chile domestic	+15%
Peru domestic	+34%
Argentina domestic	+42%

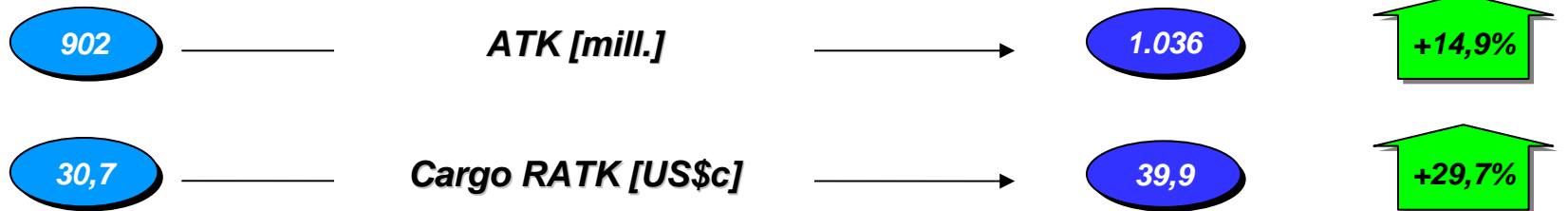
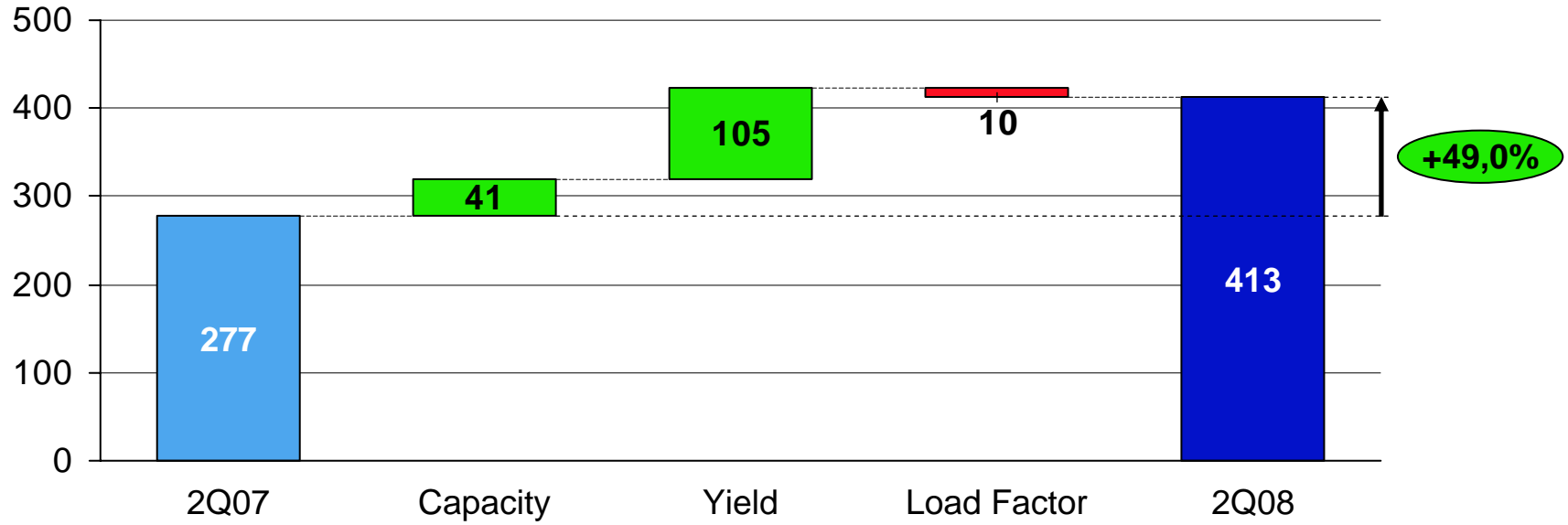
Passenger Business

Revenue growth driven by a 10.4% growth in traffic and an 23.3% increase in yields



Cargo Business

Growth driven by a 14.9% capacity expansion and a 32.9% increase in yields

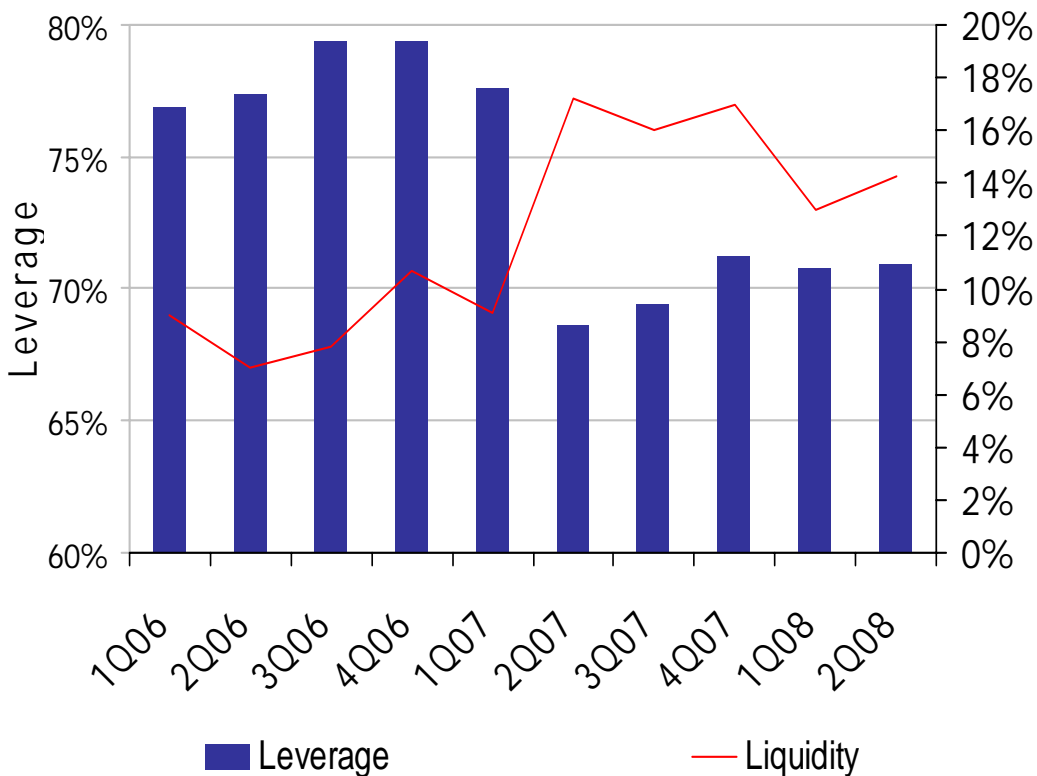


2Q08 - Cost Analysis

	2Q08 (US\$ millions)	2Q07	Variation (%)		<u>MAIN IMPACTS</u>
Wages & Benefits	155	113	38,0%	➔	Increase in headcount, FX and inflation
Fuel Costs	390	212	83,8%	➔	68% increase in fuel prices
Commissions to Agents	123	92	33,6%	➔	0.7 pt reduction in average commissions
Depreciation & Amortization	43	35	21,9%	➔	16 new owned aircraft
Other Rental & Landing Fees	112	88	28,3%	➔	Increased operations & ACMI leases
Passenger Service	21	17	23,0%	➔	More passengers & higher IFE costs
Aircraft Rentals	38	38	-0,4%	➔	Decrease in the average number of aircraft offset by higher average lease rates
Maintenance Expenses	35	39	-10,1%	➔	Boeing B737 phase out and more aircraft in their honeymoon maintenance period
Other Operating Expenses	111	80	39,5%	➔	Higher sales & distribution, marketing expenses and credit card commissions
Total Costs	1.029	714	44,2%		

Solid Financial Position

Solid Financial Position and Investment Grade Rating



- ✓ LAN is one of the few Investment Grade airlines in the world (BBB rating)
- ✓ LAN has no short term debt; long-term debt only related to aircraft financing
- ✓ Low interest rates, over 90% of interest bearing debt is fixed

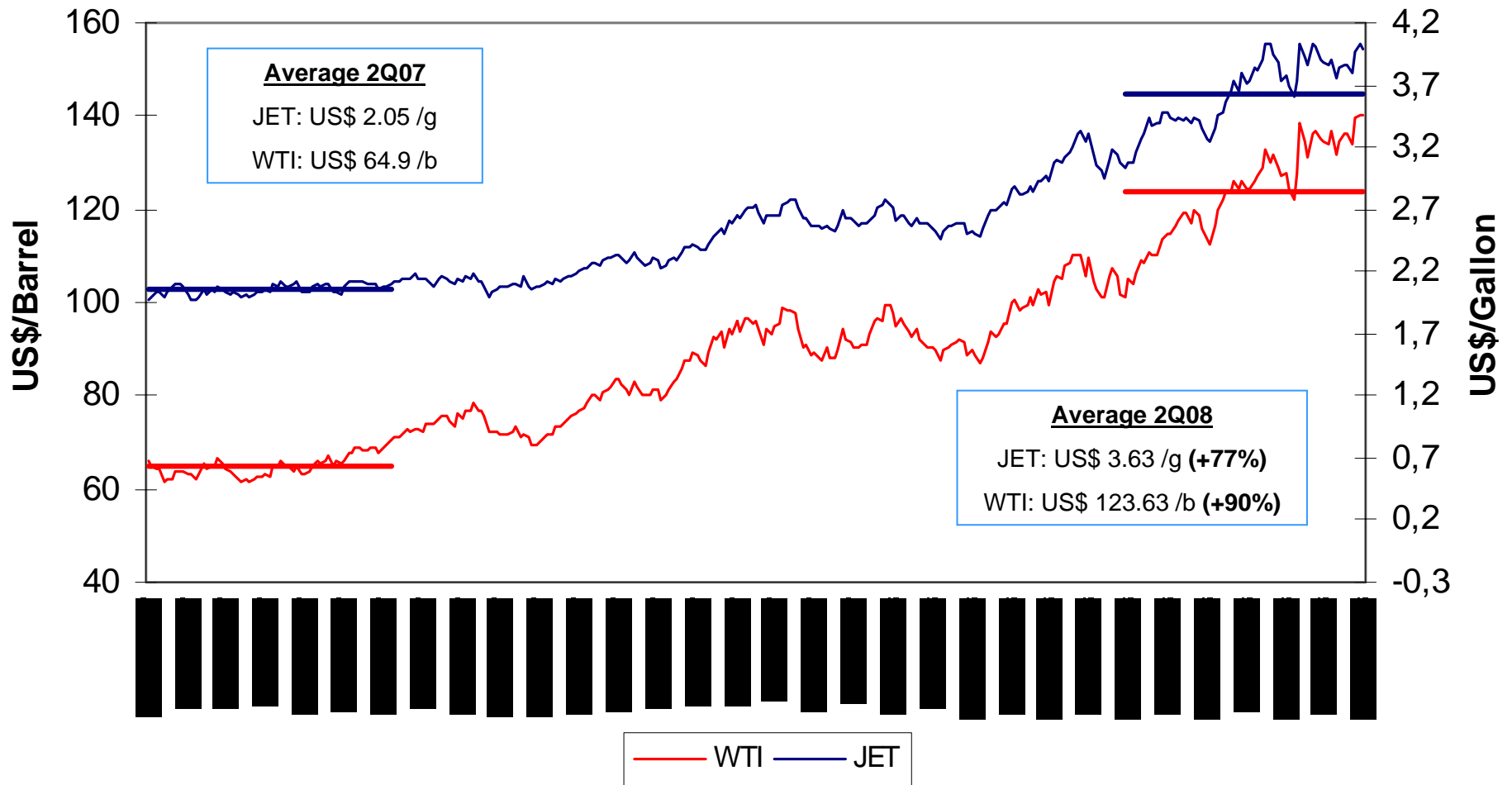
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Increased Fuel Prices during 2Q08

Fuel & Jet Fuel (2007 – 2008)



Fuel Strategy: Fuel Cost Pass-Through Mechanism

➤ Change in passenger fuel pass-through table in July 2008

WTI (US\$)	Regional (US\$)	Long Haul (US\$)	Long Haul (EUR+SYD) (US\$)
<40	0	0	0
40-45	15	30	55
45-50	18	40	65
50-55	20	50	75
55-60	23	60	85
60-65	25	70	95
65-70	28	80	105
70-75	30	90	115
75-80	33	100	125
80-85	35	110	135
85-90	38	120	145
90-95	40	130	155
95-100	43	140	165
100-105	45	150	175
105-110	48	160	185
110-115	50	170	195
115-120	53	180	205
120-125	55	190	215
125-130	58	200	225
130-135	60	210	235
135-140	63	220	245
140-145	65	230	255

2007

2008

WTI (US\$)	Domestic Chile (CL\$)	
	400-1000 kms	>1000 kms
< 40	0	0
40-50	0	0
50-60	1.500	2.500
60-70	3.000	5.000
70-80	4.500	7.500
80-90	6.000	10.000
90-100	7.500	12.500
100-110	9.000	15.000
110-120	10.500	17.500
120-130	12.000	20.000
130-140	13.500	22.500
140-150	15.000	25.000

➤ Fuel pass-through in cargo businesses

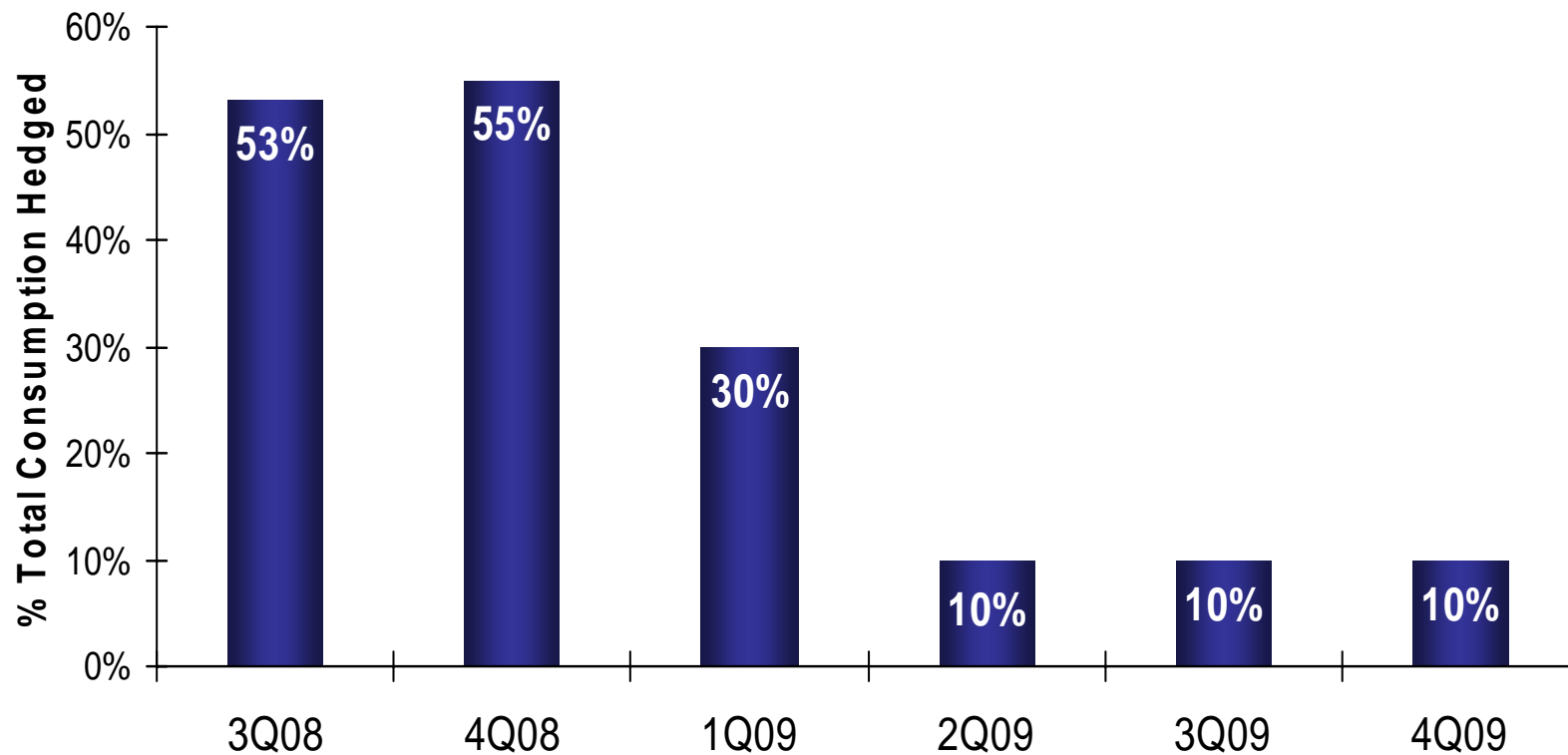
■ International US\$ 2.00 / Kg ⁽¹⁾

(1) Euro 1.30 / Kg from Europe.

Note: Fuel surcharges are per segment (ie.one way).

Fuel Strategy: Fuel Hedging

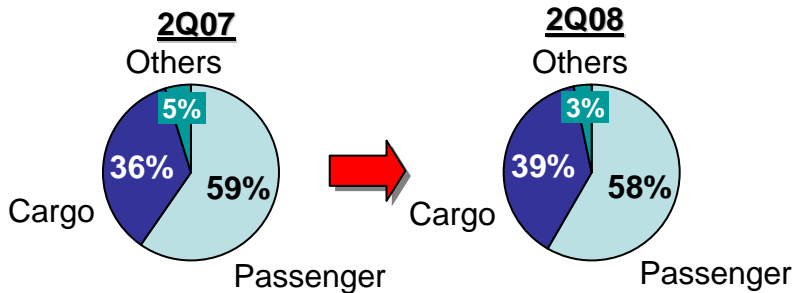
Fuel Hedging Program 2008-2009 (*)



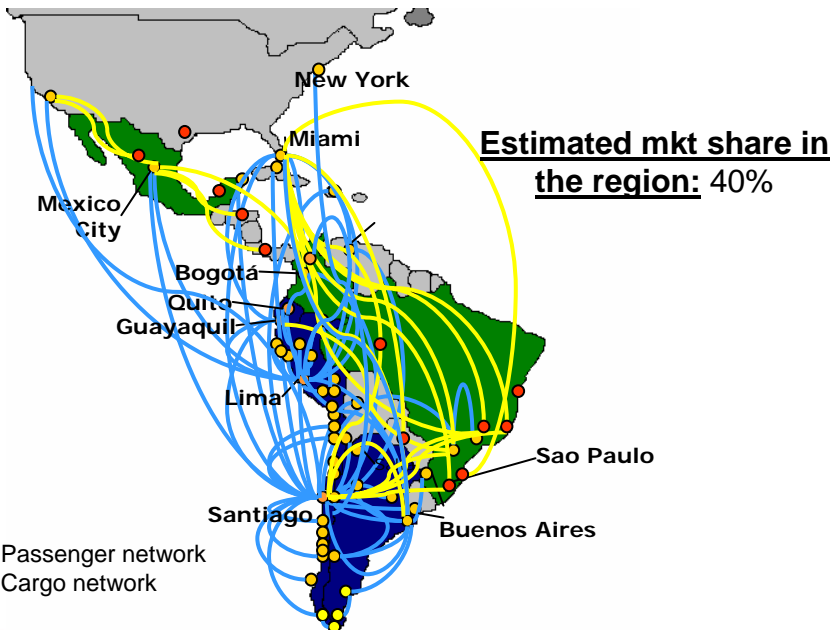
(*) Hedging as of July 2008

Highlights - Cargo Division

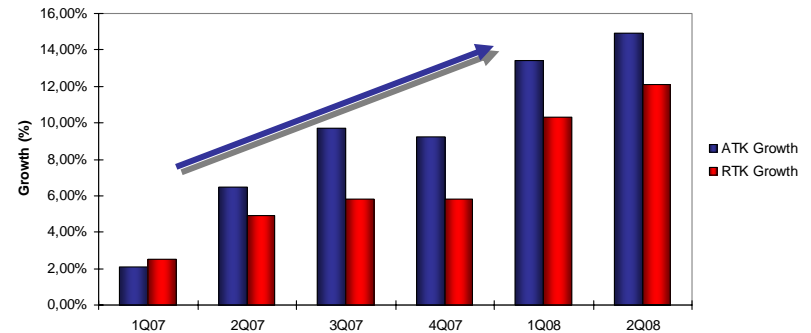
Importance of Cargo



Best Network in the Region



Strong Demand



Efficient Fleet adapted to the Region



Current Fleet - B767

- Total of 9 aircraft
- Adequate aircraft for the region
- High utilization
- Fuel efficient



Future Aircraft – B777

- Order for 4 B777
- Double the size of a B767
- Longer range
- Fuel efficient

Update – Argentine Domestic Markets

Lan Argentina Destinations



Highlights – Recent Events

- Lan Argentina is currently serving 11 domestic destinations, which comprise 75% of domestic traffic.
- Current fleet: 7 Airbus A320
- Current market share: +/- 22%
- Fleet projected YE08: 8-9 Airbus A320
- New destinations: 2 additional in 2H08
- New Developments:
 - ➔ Two consecutive 18% increases of the fare band in April and May 2008.
 - ➔ State subsidy for fuel cost for the entire Argentine domestic industry.
 - ➔ Nationalization of Aerolíneas Argentinas / Austral

Arrival of 19 passenger aircraft during 2008

- ➔ 5 Boeing 767-300
- ➔ 10 Airbus A318
- ➔ 2 Airbus A319
- ➔ 2 Airbus A320

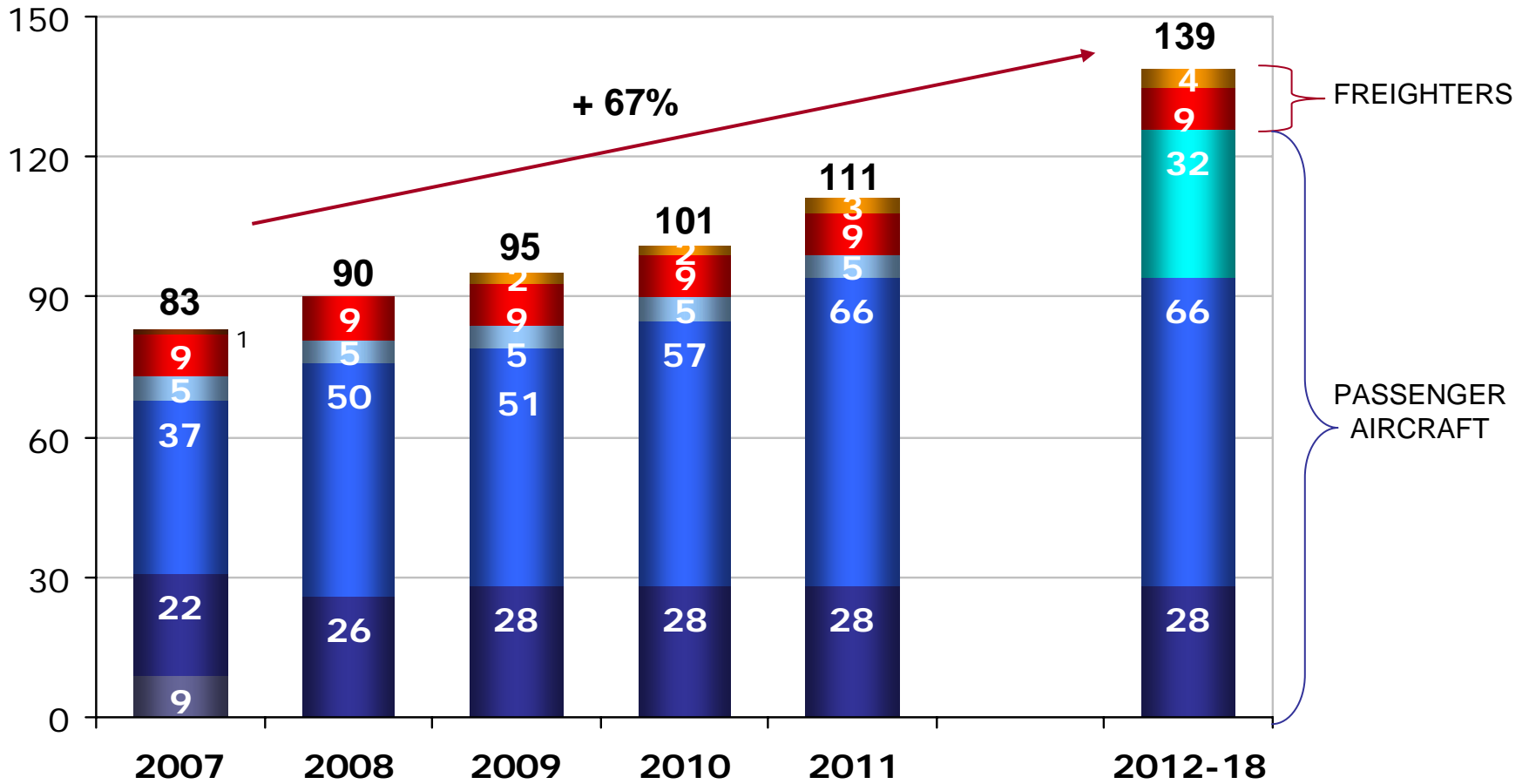


**Fleet YE08:
90 Aircraft**

- Boeing 737-200 Fleet: Phasing out finished in May 2008
- Retrofit program for wide-body passenger fleet
- Winglet kit for the Boeing 767 fleet



Current Fleet Plan



- Boeing 737-200
- Boeing 767-300ER
- Airbus A320/A319/A318
- Boeing 787
- Airbus 340-300
- Boeing 767-300F Cargo
- Boeing 777-200F Cargo
- Boeing 737-200F Cargo

CAPEX '07-'18
(USD MM)

471

839

364

249

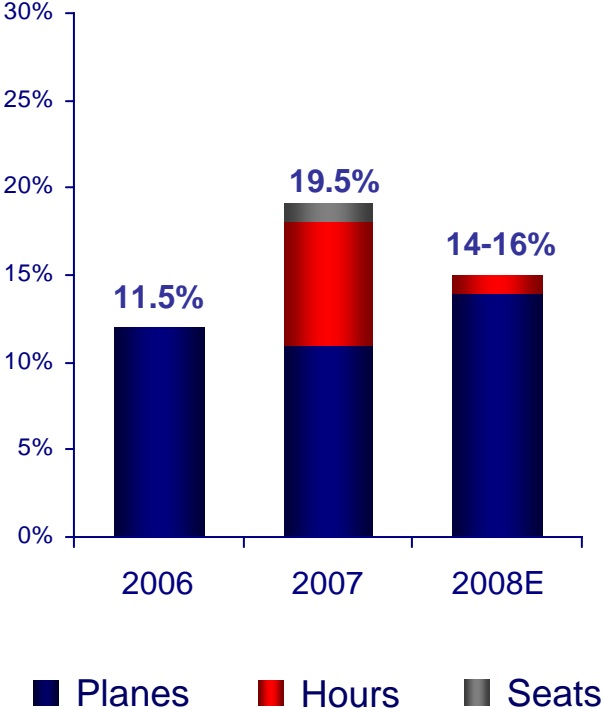
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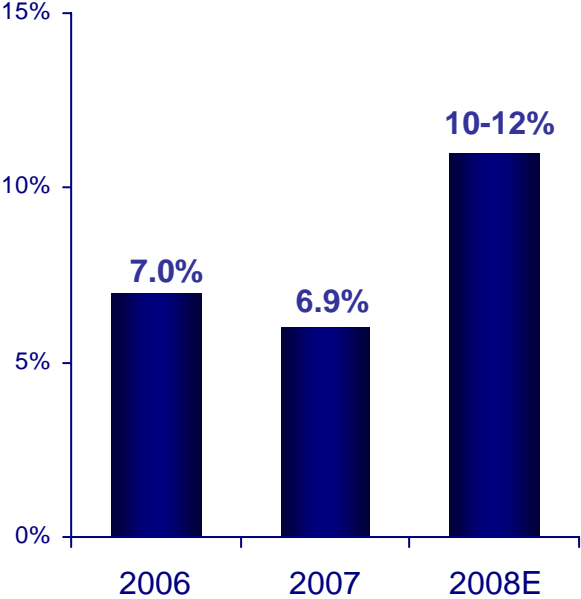
US\$6.0 Billion
2008-2018

2008 Estimated Capacity Expansion

Passenger ASK Growth



Cargo ATK Growth





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