

FECU (Uniform Coded Statistical Record)

1. IDENTIFICATION

1.01.05.00 Corporate Name

LAN AIRLINES S.A.

1.01.04.00 Taxpayer Identification Number

89862200-2

1.00.01.10 Start Date

Day	Month	Year
1	1	2008

1.00.01.20 Closing Date

Day	Month	Year
31	3	2008

1.00.01.30 Type of Currency

Dollars

1.00.01.40 Type of Financial Statements

Consolidated

ASSETS

2.00 FINANCIAL STATEMENTS
 2.01 GENERAL BALANCE SHEET

1.00.01.30 Type of Currency Dollars 1.01.04.00 Taxpayer I.D.
 1.00.01.40 Type of Balance Sheet Consolidated 89862200-2

ASSETS		NOTE NUMBER	CURRENT			PREVIOUS		
			as of	M	D	Y	as of	M
			03	31	2008	03	31	2007
5.11.00.0C	TOTAL CURRENT ASSETS							
5.11.10.10	Cash							
5.11.10.20	Time Deposits							
5.11.10.30	Marketable securities (net)	Note 04						
5.11.10.40	Sales receivables (net)	Note 05						
5.11.10.50	Notes receivable (net)	Note 05						
5.11.10.60	Sundry receivables (net)	Note 05						
5.11.10.70	Intercompany notes and accounts receivables	Note 06						
5.11.10.80	Inventory (net)	Note 07						
5.11.10.90	Recoverable taxes							
5.11.20.10	Prepaid expenses	Note 33						
5.11.20.20	Deferred taxes	Note 08						
5.11.20.30	Other current assets	Note 09						
5.11.20.40	Leasing contracts (net)							
5.11.20.50	Leasing assets (net)							
5.12.00.0C	TOTAL PROPERTY, PLANT & EQUIPMENT							
5.12.10.10	Land	Note 10						
5.12.20.00	Buildings and infrastructure	Note 10						
5.12.30.00	Machinery and equipment	Note 10						
5.12.40.00	Other property, plant & equipment	Note 10						
5.12.50.00	Gain on the technical reappraisal of property, plant & equipment							
5.12.60.00	Depreciation (less)	Note 10						
5.13.00.0C	TOTAL OTHER ASSETS							
5.13.10.10	Investments in related companies	Note 12						
5.13.10.20	Investments in other companies							
5.13.10.30	Goodwill	Note 13						
5.13.10.40	Negative goodwill (less)	Note 13						
5.13.10.50	Long-term receivables	Note 05						
5.13.10.60	Long-term intercompany notes and accounts receivable	Note 06						
5.13.10.65	Long-term deferred taxes							
5.13.10.70	Intangibles							
5.13.10.80	Amortization (less)							
5.13.10.90	Other	Note 14						
5.13.20.10	Long-term leasing contracts (net)							
5.10.00.0C	TOTAL ASSETS							

LIABILITIES

1.00.01.30
1.00.01.40

Type of Currency
Type of Balance Sheet

Dollars
Consolidated

1.01.04.00
89862200-2

Taxpayer I.D.

LIABILITIES		NOTE NUMBER	CURRENT			PREVIOUS		
			as of	M	D	Y	as of	M
			03	31	2008	03	31	2007
5.21.00.00	TOTAL CURRENT LIABILITIES				994,572			814,450
5.21.10.10	Short-term bank debt	Note 15			0			28,960
5.21.10.20	Short-term portion of long-term bank debt	Note 15			105,853			74,261
5.21.10.30	Notes (notes)				0			0
5.21.10.40	Notes (bonds) ? short-term portion				0			0
5.21.10.50	Long-term debt expiring in one year	Note 18			75,044			72,080
5.21.10.60	Dividends payable	Note 20			279			112
5.21.10.70	Accounts payable	Note 34			343,204			253,997
5.21.10.80	Notes payable				0			0
5.21.10.90	Sundry payables				0			0
5.21.20.10	Intercompany notes and accounts payable	Note 06			199			74
5.21.20.20	Provisions	Note 17			99,048			80,957
5.21.20.30	Withholdings				63,673			52,715
5.21.20.40	Income tax	Note 08			11,867			6,344
5.21.20.50	Prepaid revenue				294,319			229,183
5.21.20.60	Deferred taxes				0			0
5.21.20.70	Other current liabilities				1,086			15,767
5.22.00.00	TOTAL LONG-TERM LIABILITIES				1,859,242			1,429,053
5.22.10.00	Bank debt	Note 16			1,265,269			927,569
5.22.20.00	Long-term notes (bonds)				0			0
5.22.30.00	Long-term notes payable				0			0
5.22.40.00	Long-term sundry payables				0			523
5.22.50.00	Long-term intercompany notes and accounts payable				0			0
5.22.60.00	Long-term provisions	Note 17			105,333			50,974
5.22.70.00	Long-term deferred taxes	Note 08			183,114			136,736
5.22.80.00	Other long-term liabilities	Note 18			305,526			313,251
5.23.00.00	MINORITY INTEREST	Note 19			7,809			4,319
5.24.00.00	TOTAL EQUITY	Note 20			1,079,332			712,409
5.24.10.00	Paid-in capital				453,444			134,303
5.24.20.00	Reserve for capital revaluation				0			0
5.24.30.00	Premium on the sale of treasury stock				0			0
5.24.40.00	Other reserves				138			2,620
5.24.50.00	Retained earnings (add codes 5.24.51.00 to 5.24.56.00)				625,750			575,486
	5.24.51.00 Future dividend reserves				0			0
	5.24.52.00 Retained earnings				744,660			605,247
	5.24.53.00 Cumulative losses (less)				0			0
	5.24.54.00 Fiscal year profit (loss)				91,090			86,089
	5.24.55.00 Interim dividends (less)				-210,000			-115,850
	5.24.56.00 Cumulative deficit in development period				0			0
5.20.00.00	TOTAL LIABILITIES				3,940,955			2,960,231

INCOME STATEMENT

2.02 INCOME STATEMENT

1.00.01.30
1.00.01.40

Type of Currency
Type of Balance Sheet

Dollars
Consolidated

1.01.04.00
89862200-2

Taxpayer I.D.

INCOME STATEMENT	NOTE NUMBER	CURRENT			PREVIOUS		
		from to	M D Y	from to	M D Y		
		01 03	01 31	2008 2008	01 03	01 31	2007 2007
5.31.11.00 OPERATING INCOME				124,219			123,471
5.31.11.10 OPERATING MARGIN				396,211			347,133
5.31.11.11 Operating income				1,077,891			831,305
5.31.11.12 Operating costs (less)				-681,680			-484,172
5.31.11.20 Administration and selling expenses (less)				-271,992			-223,662
5.31.12.00 NON-OPERATING INCOME				-13,137			-19,727
5.31.12.10 Interest income				1,783			2,926
5.31.12.20 Profit on investment in related companies	Note 12			348			300
5.31.12.30 Other non-operating income	Note 21			3,766			731
5.31.12.40 Loss on investment in related companies (less)	Note 12			-134			-8
5.31.12.50 Amortization of goodwill (less)	Note 13			-752			-844
5.31.12.60 Interest expense (less)				-21,158			-18,223
5.31.12.70 Other non-operating disbursements (less)	Note 21			-531			-5,213
5.31.12.80 Price-level restatement	Note 22			50			21
5.31.12.90 Exchange differentials	Note 23			3,491			583
5.31.10.00 PRE-INCOME TAX INCOME AND EXTRAORDINARY ITEMS				111,082			103,744
5.31.20.00 INCOME TAX	Note 08			-17,374			-17,632
5.31.30.00 EXTRAORDINARY ITEMS				0			0
5.31.40.00 PROFIT (LOSS) BEFORE MINORITY INTEREST				93,708			86,112
5.31.50.00 MINORITY INTEREST	Note 19			-2,618			-24
5.31.00.00 NET PROFIT (LOSS)				91,090			86,088
5.32.00.00 Amortization of negative goodwill	Note 13			0			1
5.30.00.00 FISCAL YEAR PROFIT (LOSS)				91,090			86,089

STATEMENT OF CASH FLOW ? DIRECT

2.03 STATEMENT OF CASH FLOW

1.00.01.30 Type of Currency
 1.00.01.40 Type of Balance Sheet
 5.03.01.00 Cash flow statement method

Dollars
Consolidated
D

1.01.04.00 Taxpayer I.D.
 89862200-2

	M	D	Y		M	D	Y
from	01	01	2008	from	01	01	2007
to	03	31	2008	to	03	31	2007

STATEMENT OF CASH FLOW ? DIRECT

	Note Number	CURRENT	PREVIOUS
5.41.11.00 NET FLOW FROM OPERATING ACTIVITIES		94,275	99,779
5.41.11.10 Collection of sales receivables		1,230,210	823,903
5.41.11.20 Interest income received		983	2,341
5.41.11.30 Dividends and other distributions received		141	298
5.41.11.40 Other income received		8,921	2,013
5.41.11.50 Payments to suppliers and employees (less)		-1,098,569	-691,435
5.41.11.60 Interest paid (less)		-21,154	-18,182
5.41.11.70 Income tax paid (less)		-3,823	-4,394
5.41.11.80 Other expenses paid (less)		-10,555	-5,307
5.41.11.90 Value-Added Tax and other similar taxes paid (less)		-11,879	-9,458
5.41.12.00 NET FLOW FROM FINANCE ACTIVITIES		-82,122	-46,223
5.41.12.05 Placement of cash shares		0	0
5.41.12.10 Loans obtained		62,930	42,752
5.41.12.15 Notes		0	0
5.41.12.20 Documented loans from related companies		0	0
5.41.12.25 Other loans from related companies		0	0
5.41.12.30 Other finance sources		0	0
5.41.12.35 Dividend payments (less)		-119,816	-67,727
5.41.12.40 Capital distributions (less)		0	0
5.41.12.45 Loan payments (less)		-22,112	-18,332
5.41.12.50 Note payments (less)		0	0
5.41.12.55 Payment of documented loans from related companies (less)		0	0
5.41.12.60 Payment of other loans from related companies (less)		0	0
5.41.12.65 Payment of expenses for share issuance and placement (less)		0	0
5.41.12.70 Payment of expenses for note issuance and placement (less)		0	0
5.41.12.75 Other finance disbursements (less)	Note 25	-3,124	-2,916
5.41.13.00 NET FLOW FROM INVESTMENT ACTIVITIES		-143,286	-108,790
5.41.13.05 Sales of property, plant and equipment		134	1,415
5.41.13.10 Sale of standing investments		2,676	0
5.41.13.15 Sale of other investments		1,829	4,751
5.41.13.20 Collection of documented loans to related companies		0	0
5.41.13.25 Collection of other loans to related companies		0	0
5.41.13.30 Other investment income		0	0
5.41.13.35 Addition of property, plant and equipment (less)		-145,309	-113,956
5.41.13.40 Payment of compounded interest (less)		0	-1,000
5.41.13.45 Standing investments (less)		0	0
5.41.13.50 Investment in interest-bearing instruments (less)		0	0
5.41.13.55 Documented loans to related companies (less)		0	0
5.41.13.60 Other loans to related companies (less)		0	0
5.41.13.65 Other investment disbursements (less)		-2,616	0
5.41.10.00 TOTAL NET FLOW IN PERIOD		-131,133	-55,234
5.41.20.00 EFFECT OF INFLATION ON CASH AND CASH EQUIVALENT		9	-83
5.41.00.00 NET CHANGE IN CASH AND CASH EQUIVALENT		-131,124	-55,317
5.42.00.00 INITIAL CASH AND CASH EQUIVALENT		445,615	199,496
5.40.00.00 ENDING CASH AND CASH EQUIVALENT		314,491	144,179

FLOW-INCOME RECONCILIATION

**CONCILIATION OF NET FLOW FROM OPERATING ACTIVITIES
AND FISCAL YEAR INCOME**

1.00.01.30 Type of Currency
1.00.01.40 Type of Balance Sheet

Dollars
Consolidated

1.01.04.00 Taxpayer I.D.
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	M	D	Y		M	D	Y
from	01	01	2008	from	01	01	2007
to	03	31	2008	to	03	31	2007

FLOW-INCOME RECONCILIATION	Note Number	CURRENT	PREVIOUS
5.50.10.00 Fiscal year profit (loss)		91,090	86,089
5.50.20.00 Income from the sale of assets		-1,940	-457
5.50.20.10 (Profit) loss on the sale of property, plant and equipment	Note 21	-304	-457
5.50.20.20 Profit on the sale of investments (less)	Note 21	-1,636	0
5.50.20.30 Loss on the sale of investments		0	0
5.50.20.40 (Profit) loss on the sale of other assets		0	0
5.50.30.00 Debits (credits) to income not representing cash flow		43,993	44,734
5.50.30.05 Fiscal year depreciation	Note 10	40,879	33,895
5.50.30.10 Amortization of intangibles		1,617	1,493
5.50.30.15 Write-offs and provisions		5,463	4,283
5.50.30.20 Profit accrued on investment in related companies (less)	Note 12	-348	-300
5.50.30.25 Loss accrued on investment in related companies	Note 12	134	8
5.50.30.30 Amortization of goodwill	Note 13	752	844
5.50.30.35 Amortization of negative goodwill (less)	Note 13	0	-1
5.50.30.40 Net price-level restatement	Note 22	-50	-21
5.50.30.45 Net exchange differential	Note 23	-3,491	-583
5.50.30.50 Other credits to income not representing cash flow (less)		-1,709	-252
5.50.30.55 Other debits to income not representing cash flow		746	5,368
5.50.40.00 Change in Assets affecting cash flow ? (increase) decrease		-7,482	-10,512
5.50.40.10 Sales receivables		-18,216	-3,629
5.50.40.20 Inventories		-13	-2,917
5.50.40.30 Other assets		10,747	-3,966
5.50.50.00 Change in liabilities affecting cash flow ? (increase) decrease		-34,004	-20,099
5.50.50.10 Accounts payable in relation to operating income		-37,065	-33,771
5.50.50.20 Interest payable		-253	434
5.50.50.30 Income tax payable (net)	Note 08	12,105	13,358
5.50.50.40 Other accounts payable in relation to non-operating income		-10,050	25
5.50.50.50 Value-added tax and other similar taxes payable (net)		1,259	-145
5.50.60.00 Profit (Loss) on minority interest	Note 19	2,618	24
5.50.00.00 NET FLOW FROM OPERATING ACTIVITIES		94,275	99,779

01. Registration in the Securities Registry

LAN AIRLINES S.A. is an open corporation and has been registered under No. 0306 of the Securities Registry since January 22, 1987. According to Law No. 18,046, it is regulated by the Superintendency of Securities and Insurance.

On July 28, 2004, LAN CHILE S.A. changed its name to LAN AIRLINES S.A., which was registered in the 2004 Commercial Registry of the Real Estate Registrar under No. 18,764 on page 25,128.

02. Accounting Standards

a) Accounting Period

These Consolidated Financial Statements encompass the period beginning January 1 and ending March 31, 2008, compared to the same period in the previous year.

b) Bases of preparation

These Consolidated Financial Statements have been prepared according to standards and instructions issued by the Superintendency of Securities and Insurance, which are in harmony with generally accepted accounting principles issued by the Chilean Accountants Association. It is important to note that the standards and instructions issued by the Superintendency of Securities and Insurance prevail over generally accepted accounting principles.

c) Bases of presentation

In order to facilitate comparisons, some minor reclassifications have been made in the 2007 Consolidated Financial Statements.

d) Bases of consolidation

These Consolidated Financial Statements include the assets, liabilities, results and cash flows of the Parent Company and its subsidiaries at the close of each period, pursuant to the attached table.

The effects of transactions with subsidiaries have been eliminated upon consolidation and the interest of minority shareholders has been recognized in these Consolidated Financial Statements, shown as a minority interest in the Consolidated General Balance Sheet and the Consolidated Statement of Income.

e) Price-level restatement

The Financial Statements of domestic subsidiaries which do not keep accounting in U.S. dollars have been adjusted using the rules of price-level restatement according to generally accepted accounting principles in Chile in order to recognize the effects of the change in the buying power of the currency in both periods, according to indices of the National Statistics Bureau, which showed a variation of 0.8% for 2008 with a gap of one month (0.2% variation in 2007).

f) Conversion Standards

The Parent Company and some of its subsidiaries domiciled in Chile are authorized to record their accounting in United States dollars. The U.S. dollar is used as a common unit of measure and, therefore, the balances of assets and liabilities corresponding to different currencies have been expressed in United States dollars at the exchange rates in effect on March 31st of each year. The income accounts have been converted to United States dollars at the exchange rates in effect on the date of each transaction.

Below are the exchange rates in effect for the U.S. dollar at the close of each period:

	03.31.08	03.31.07
	Per U.S Dollar	Per U.S Dollar
Chilean peso	437.71	539.21
Unidad de Fomento (Chile)	0.02	0.03
Argentine peso	3.17	3.10
Brazilian real	1.75	2.06
New sol (Peru)	2.75	3.18
Australian dollar	1.10	1.24
Polynesian franc	76.69	89.96
Bolivar	--	2,144.60
New Bolivar (Venezuela)	2.14	--
Bolivian	7.42	7.94
Uruguayan peso	20.25	24.12
Mexican peso	10.64	11.04
Canadian dollar	1.03	1.15
Danish crown	4.72	5.58
Guarani	4,275.00	5,040.00
Colombian peso	1,830.10	2,202.00
Japanese yen	99.70	117.88
New Zealand dollar	1.27	1.40
Euro (European Community)	0.63	0.75
Dominican peso	33.96	32.28

The adjustment for exchange fluctuations of different currencies meant a net credit against income of MUS\$3,491 as of March 31, 2008 (MUS\$583 in 2007), which is shown in the exchange differential account.

g) Time deposits and marketable securities

Time deposits include principal and interest accrued at the closing of each period.

Marketable securities correspond to investments in bonds valued at the lower of the investment value or the market value, and mutual funds at the share value at the closing of each period.

h) Stocks

Stocks include spare parts and materials that will be used in own and third-party maintenance services within a period of one year, which are valued at their average acquisition cost. The resulting amounts do not exceed the respective replacement prices. Spare parts, aircraft and stocks for sale are also included, which are valued at their cost or market price, in the event this latter is lower.

i) Estimated uncollectibles

The Parent Company and its subsidiaries establish provisions for uncollectibles based on the age of the balances and on other pertinent information.

j) Property, plant and equipment

Property, plant and equipment are valued at the acquisition cost, which includes the effective finance costs incurred by the Parent Company and its subsidiaries until these assets are put into operation. The inventories of materials and spare parts appearing in the line Other Fixed Assets are shown at their average acquisition cost and are presented net of any obsolescence provision.

k) Depreciation of property, plant and equipment

Property, plant and equipment, excluding spare parts, are being depreciated using the straight-line method, taking into account the estimated economic useful life or based on cycles and hours flown, as pertinent.

l) Leasing Assets

The Parent Company and some of its subsidiaries maintain financial leasing operations in effect in relation to property, plant and equipment. These assets are not legally their property, so until the corresponding purchase options are exercised, they may not dispose freely of them. These assets are recorded at the actual contract price, which is set after deducting the amount of the regular installments and the purchase option at the implicit or explicit contract interest rate. The respective obligation is shown under Long-Term Obligations To Expire In One Year in Current Liabilities and Other Long-Term Liabilities, net of the corresponding deferred interest.

m) Intangibles

This line records mainly software and computer-related licenses as well as trademark registrations, appraised at their acquisition cost. The Parent Company and its subsidiaries amortize their intangibles over a ten-year period on the basis of the straight-line method.

n) Investments in related companies

Investments in related companies are shown in Other Assets.

Investments made prior to January 1, 2004, are valued at the Proportional Equity Value (PEV) determined on the basis of the respective financial statements as of March 31st of each year.

Investments made after January 1, 2004, are valued at the Equity Value (EV) determined pursuant to Technical Bulletin No. 72 of the Chilean Accountants Association.

Investments abroad are adjusted according to generally accepted accounting principles of Chile and translated into and controlled in the functional currency used by the Parent Company.

o) Goodwill and Negative Goodwill

Goodwill and negative goodwill represent the difference between the acquisition price of the investment in related companies and the proportional equity value of such investment on the purchase date, which is amortized by a debit or credit against income over a period of 20 years, the expected period of return on the investment.

As from January 1, 2004, goodwill and negative goodwill represent the difference between the acquisition value of the investment in the related company and the fair value thereof at the purchase date, which is amortized by a debit or credit against income in the expected period of return of the investment.

Changes to the fair value, goodwill and/or negative goodwill are made in a period not later than one year after the acquisition date.

p) Income tax and deferred taxes

The Parent Company and its subsidiaries recognize their tax obligations on the basis of governing rules of law.

The effects of deferred taxes resulting from the differences between the financial balance sheet and the tax balance sheet are recorded for all temporary differences at the tax rate in effect on the estimated reversal date, as established in Technical Bulletin No. 60 of the Chilean Accountants Association. The effects arising from deferred taxes prevailing on the date of the above-mentioned Bulletin and not previously recognized are shown in income only as the temporary differences are reversed.

q) Accounts payable

This line reflects the obligations of the Parent Company and its subsidiaries to suppliers stemming from commercial operations.

r) Provisions

This line principally reflects provisions for aircraft and engine maintenance, for the European Commission's investigation, for profit-share, staff vacation provisions, which are recognized at the time of accrual, and provisions for the costs associated with rendering services regarding the Lan Pass frequent flyer program, taking into account the kilometers accrued at the close of each period and the conditions established in that program.

Maintenance provisions correspond to the scheduled maintenance of leased aircraft and engines, determined on a technical basis, according to utilization expressed basically in flight hours and cycles. Unscheduled maintenance of aircraft and engines is debited against income in the period incurred.

The costs incurred in own aircraft fuselage and engine maintenance will be capitalized and depreciated until the next maintenance.

s) Income received in advance

The amount indicated in this line corresponds principally to recognition of the obligation generated by the sale of tickets during each period for which flight service occurs after the closing of the financial statements. Moreover, commission expenses associated with these sales are shown after discounting the income received in advance.

t) Operating income

The Parent Company and its subsidiaries record their passenger and cargo income once the service has been rendered.

u) Derivative Agreements

These are fuel, interest rate and currency forward hedging agreements and they are shown at the market value at the close of each fiscal year. They are treated and classified in the accounting as follows:

u.1) Expected transaction hedging

The hedging instrument is shown at its fair value and changes to such value are recognized as unrealized income through maturity, at which time it is recognized as other non-operating income or expenses, as pertinent.

u.2) Existing item hedging

The derivative and the hedged item are valued at their fair value and the net effect of such valuation is recognized in non-operating income, in the event of a loss, or as a deferral, in the event of a profit.

v) Computer software development

The disbursements for computer system development using internal resources of the Parent Company and its subsidiaries are debited against income in the period they are made.

w) Lease-backs

The Parent Company has made lease-backs as seller-lessee. This transaction has the characteristics of an operating lease. Profits on the transaction have been deferred and are shown under Prepaid Income and Other Long-Term Liabilities at the close of the period. The profits are amortized over the term of the agreement.

x) Cash Flow Statement

The Company considers cash equivalent to be investments made as part of the usual management of the cash surpluses that may be rapidly converted to known cash amounts, with the intention of making such conversion in a period of no more than 90 days at a minimum risk of material loss in value.

Operating flows include all cash flows related to the company's business, as well as interest expense, interest income and, in general, all flows not defined as investment or financing. The operational concept used in this statement is more ample than the one used in the Consolidated Statement of Income.

y) Share issuance costs

These costs relate to cash share issuance and placement paid by the Parent Company for: placement fees, legal assistance, book audits, financial assistance, printing expenses and registration and filing fees. These costs have been recorded in the Share Issuance and Placement, Other Reserves, under Equity.

These costs have been recorded pursuant to the provisions in Circulars Nos. 1,736 and 1,370, issued by the Superintendency of Securities and Insurance.

z) Compensation Plans

The compensation plans implemented through stock options for subscription and payment granted starting in the fourth quarter of 2007 are recognized in the financial statements according to International Financial Reporting Standard 2 on "stock-based payments." The fair value of the options is recorded on a straight-line basis between the date the options are granted and the date when they become irrevocable.

02. ACCOUNTING STANDARDS COMPANIES INCLUDED IN THE CONSOLIDATION

TAXPAYER ID	COMPANY	INTEREST PERCENTAGE			
		DIRECT	03-31-2008 INDIRECT	TOTAL	03-31-2007 TOTAL
96.518.860-6	Comercial Masterhouse S.A.	99.9900	0.0100	100.0000	100.0000
96.763.900-1	Inmobiliaria Aeronáutica S.A.	99.0100	0.9900	100.0000	100.0000
96.967.400-9	Lan Card S.A.	99.0000	1.0000	100.0000	100.0000
96.969.680-0	Lan Pax Group S.A. and Subsidiaries	99.8361	0.1639	100.0000	100.0000
96.969.690-8	Línea Aérea Nacional Chile S.A.	99.0000	1.0000	100.0000	100.0000
78.074.340-9	Sistemas de Distribución Amadeus Chile S.A.	50.0000	50.0000	100.0000	100.0000
O-E	Lan Peru S.A.	49.0000	21.0000	70.0000	70.0000
96.801.150-2	Lan Courier S.A. and Subsidiary	0.0000	100.0000	100.0000	100.0000
O-E	Lan Chile Investments Limited and Subsidiaries	99.9900	0.0100	100.0000	100.0000
93.383.000-4	Lan Cargo S.A.	99.8939	0.0041	99.8980	99.8980
O-E	South Florida Air Cargo Inc.	0.0000	100.0000	100.0000	100.0000
O-E	Prime Airport Services Inc.	0.0000	100.0000	100.0000	100.0000
96.951.280-7	Transporte Aéreo S.A.	0.0000	100.0000	100.0000	100.0000
96.634.020-7	Ediciones Ladeco America S.A.	0.0000	100.0000	100.0000	100.0000
O-E	Consorcio Fast Air Almacenes de Carga S.A.	0.0000	100.0000	100.0000	100.0000
O-E	Aircraft International Leasing Limited	0.0000	100.0000	100.0000	100.0000
96.631.520-2	Fast Air Almacenes de Carga S.A.	0.0000	100.0000	100.0000	100.0000
96.631.410-9	Ladeco Cargo S.A.	0.0000	100.0000	100.0000	100.0000
O-E	Laser Cargo S.R.L.	0.0000	100.0000	100.0000	100.0000
78.005.760-2	Sociedad de Seguridad Aérea S.A.	0.0000	100.0000	100.0000	90.0000
96.854.560-4	Terminal de Exportación Inter. S.A.	0.0000	0.0000	0.0000	100.0000
O-E	LanLogistics, Corp.	0.0000	0.0000	0.0000	100.0000
O-E	Lan Cargo Overseas Limited and Subsidiaries	0.0000	100.0000	100.0000	100.0000
96.575.810-0	Inversiones Lan S.A. and Subsidiaries	99.7100	0.0000	99.7100	99.7100

03. ACCOUNTING CHANGES

The Parent Company and its subsidiaries did not make any accounting change in comparison to the same period in the previous period that may materially affect the interpretation of these Consolidated Financial Statements as of March 31, 2008.

04. MARKETABLE SECURITIES
BALANCE COMPOSITION

INSTRUMENTS	BOOK VALUE	
	03/31/2008	03/31/2007
Shares	0	0
Bonds	20,786	15,546
Mutual fund shares	98,252	67,664
Investment fund shares	0	0
Promissory notes	0	0
Mortgage bills	0	0
Total Marketable Securities	119,038	83,210

04. MARKETABLE SECURITIES
FIXED-INCOME INSTRUMENTS

INSTRUMENT	DATE		PAR VALUE	BOOK VALUE		MARKET VALUE	PROVISION
	PURCHASE	EXPIRATION		AMOUNT	RATE		
LOCAL BONDS	09-10-2004	12-29-2008	1,486	1,434	6.66%	1,462	0
FOREIGN BONDS	07-26-2006	03-28-2009	19,254	19,352	9.04%	19,677	0

05. SHORT- AND LONG-TERM RECEIVABLES

The net provision entries are also shown in the spreadsheet Note_05.200803C.89862200.xls, broken down according to the characteristics and percentages that best represent them.

05. SHORT- AND LONG-TERM RECEIVABLES
SHORT- AND LONG-TERM RECEIVABLES

LINE	CURRENT							LONG-TERM	
	Out to 90 days		More than 90 days to 1 year		Subtotal	Total current (net)		03-31-2008	03-31-2007
	03-31-2008	03-31-2007	03-31-2008	03-31-2007		03-31-2008	03-31-2007		
Sales receivables	313,372	246,196	11,560	14,260	324,932	309,258	239,830	0	0
Estimated uncollectibles	-	-	-	-	15,674	-	-	-	-
Notes receivable	9,093	10,039	951	1,494	10,044	3,605	4,920	0	0
Estimated uncollectibles	-	-	-	-	6,439	-	-	-	-
Sundry receivables	114,233	76,430	88,071	71,165	202,304	202,304	147,595	13,214	5,276
Estimated uncollectibles	-	-	-	-	-	-	-	-	-
							Total long-term receivables	13,214	5,276

05. SHORT- AND LONG-TERM RECEIVABLES
SHORT- AND LONG-TERM RECEIVABLES

	Short-term				Long-term			
	2008		2007		2008		2007	
	MUS\$	%	MUS\$	%	MUS\$	%	MUS\$	%
a) Sales receivables								
In Chile	120,311	38.90	83,597	34.86	--	--	--	--
Abroad	188,947	61.10	156,233	65.14				
Total	309,258	100.00	239,830	100.00	--	--	--	--
b) Notes receivable								
In Chile	3,485	96.67	4,821	97.99	--	--	--	--
Abroad	120	3.33	99	2.01	--	--	--	--
Total	3,605	100.00	4,920	100.00	--	--	--	--
c) Sundry receivables								
Plane Advance (1)	148,999	73.65	102,689	69.58	--	--	--	--
Supplier advances	9,136	4.52	6,860	4.65	--	--	--	--
Staff current accounts	6,893	3.41	5,834	3.95	3,718	28.14	2,797	53.01
Recoverable fuel insurance	1,463	0.72	130	0.09	--	--	--	--
Co-branding and Lan Pass receivables	1,456	0.72	1,345	0.91	--	--	--	--
Aircraft re-delivery receivables (2)	1,942	0.96	817	0.55	7,627	57.72	2,479	46.99
Other (3)	32,415	16.02	29,920	20.27	1,869	14.14	--	--
Total	202,304	100.00	147,595	100.00	13,214	100.00	5,276	100.00

The balances of Sales Receivables (MUS\$15,674) and Notes Receivables (MUS\$6,439) are shown net of the uncollectibles provision (MUS\$20,626 and MUS\$6,613, respectively, in 2007).

(1) Advances paid to aircraft manufacturers are totally recovered at the time of the plane delivery. Moreover, the advances paid for Boeing 767 may be recovered before delivery at the mere request of Lan Airlines S.A. (up to 50% of the amount deposited for each plane).

(2) It corresponds to costs associated with the maintenance related to flight hours incurred by the previous aircraft operator from the last repair until delivery. Such maintenance will be performed by the Parent Company and its subsidiaries. Those costs will be recovered from lessors upon termination of the lease.

(3) The balance as of March 2008 includes mainly the financing granted to VRG LINHAS AEREAS S.A. amounting to MUS\$17,100 and accounts receivable from Florida West International Airways Inc for MUS\$6,917, reclassified to this line because of the sale of the interest in that company, as discussed in Note 12.

06. INTERCOMPANY BALANCES AND TRANSACTIONS
--

a) Short-Term Notes and Accounts Receivable and Payable

The balances receivable and payable mainly include transactions in the ordinary course of business that do not accrue interest.

b) Other

All transactions made with affiliates and common shareholders are shown without regard to amount.

06. INTERCOMPANY BALANCES AND TRANSACTIONS
Notes and Accounts Receivable

Taxpayer I.D.	COMPANY	SHORT-TERM		LONG-TERM	
		03-31-2008	03-31-2007	03-31-2008	03-31-2007
96839490-8	Administradora Valle Escondido S.A.	0	37	0	0
56080790-2	Asamblea de Com. De Valle Escondido	77	36	0	0
74501400-3	Club de Golf Valle Escondido	5	4	0	0
96778310-2	Concesionaria Chucumata S.A.	7	0	0	0
96810370-9	Inversiones Costa Verde Limitada	6	10	0	0
96847880-K	Lufthansa Lan Technical Training S.A.	0	67	0	0
96669520-K	Red de Televisión Chilevisión S.A.	186	34	0	0
96812280-0	San Alberto S.A. and subsidiaries	29	29	0	0
96718470-5	Valle Escondido S.A.	12	10	0	0
O-E	Choice Air Courier del Peru S.A.	0	96	0	78
O-E	Florida West International Airways Inc.	0	6,137	0	0
	Total	322	6,460	0	78

06. INTERCOMPANY BALANCES AND TRANSACTIONS
Notes and Accounts Payable

Taxpayer I.D.	COMPANY	SHORT-TERM		LONG-TERM	
		03-31-2008	03-31-2007	03-31-2008	03-31-2007
96921070-3	Austral Sociedad Concesionaria S.A.	0	35	0	0
96894180-1	Bancard Inversiones Limitada	46	10	0	0
96778310-2	Concesionaria Chucumata S.A.	0	7	0	0
96847880-K	Lufthansa Lan Technical Training S.A.	78	0	0	0
96888630-4	Sociedad Concesionaria Aerosur S.A.	22	22	0	0
O-E	Inversora Aeronautica Argentina	53	0	0	0
	Total	199	74	0	0

06. INTERCOMPANY BALANCES AND TRANSACTIONS
Transactions

COMPANY	TAXPAYER I.D.	TYPE OF RELATIONSHIP	DESCRIPTION OF TRANSACTION	03-31-2008		03-31-2007	
				AMOUNT	EFFECT ON INCOME (DEBIT/CREDIT)	AMOUNT	EFFECT ON INCOME (DEBIT/CREDIT)
AUSTRAL CONCESIONARIA S.A.	96921070-3	AFFILIATE	Aviation fees received	20	-20	15	-15
		AFFILIATE	Basic utilities received	10	-10	10	-10
		AFFILIATE	Aviation concessions received	72	-72	88	-88
CONCESIONARIA CHUCUMATA S.A.	96778310-2	AFFILIATE	Capital decrease	128	0	0	0
		AFFILIATE	Aviation fees received	5	-5	31	-31
		AFFILIATE	Basic utilities received	3	-3	2	-2
LUFTHANSA LAN TECHNICAL TRAINING S.A.	96847880-K	AFFILIATE	Aviation concessions received	26	-26	28	-28
		AFFILIATE	Training received	37	-37	55	-55
		AFFILIATE	Other payments on account	0	0	136	0
SOCIEDAD CONCESIONARIA AEROSUR S.A.	96888630-4	AFFILIATE	Debt assignment made	4	0	4	0
		INDIRECT AFFILIATE	Aviation concessions received	17	-17	28	-28
		INDIRECT AFFILIATE	Aviation fees received	42	-39	23	-23
		INDIRECT AFFILIATE	Basic utilities received	3	-3	2	-2
CHOICE AIR COURIER DEL PERU S.A.	0-E	INDIRECT AFFILIATE	Courier service rendered	0	0	47	47
		INDIRECT AFFILIATE	Other payments on account	0	0	2	0
FLORIDA WEST INTERNATIONAL AIRWAYS INC.	0-E	INDIRECT AFFILIATE	Leased aircraft granted	0	0	7,690	7,690
		INDIRECT AFFILIATE	Leased aircraft received	0	0	8,910	-8,910
		INDIRECT AFFILIATE	Transportation service granted	0	0	273	273
		INDIRECT AFFILIATE	Transportation service received	0	0	594	-594
		INDIRECT AFFILIATE	Maintenance service received	0	0	818	-818
		INDIRECT AFFILIATE	Handling agent fee	0	0	1,579	1,579
		INDIRECT AFFILIATE	Interline collection	0	0	1,776	0
		INDIRECT AFFILIATE	Payment of account of fuel	0	0	8	0
		INDIRECT AFFILIATE	Other payments on account	0	0	331	0
		INDIRECT AFFILIATE	Plane line maintenance provided	0	0	1	1
COMUNIDADMUJER	65216000-K	RELATED TO SHAREHOLDER	Advertising service received	0	0	10	-10
		RELATED TO SHAREHOLDER	Ticket service rendered	0	0	10	10
ASAMBLEA DE COMUNEROS DE VALLE ESCONDIDO S.A.	56080790-2	COMMON SHAREHOLDERS	Other services rendered	15	12	53	44
BANCARD INVERSIONES LIMITADA	96894180-1	COMMON SHAREHOLDERS	Professional assistance received	34	-34	40	-40
INVERSIONES COSTA VERDE LIMITADA RED DE TELEVISIÓN CHILEVISIÓN S.A.	96810370-9	COMMON SHAREHOLDERS	Real estate lease rendered	15	15	15	15
	96669520-K	COMMON SHAREHOLDERS	Advertising service received	0	0	78	-65
GRANJA MARINA TORNAGALEONES S.A.	87752000-5	COMMON SHAREHOLDERS	Ticket service rendered	83	83	72	72
		COMMON SHAREHOLDERS	Ticket service rendered	0	0	1	1
INVERSORA AERONAUTICA ARGENTINA	0-E	COMMON SHAREHOLDERS	Real estate lease rendered	53	53	51	51

07. INVENTORIES

The inventories as of March 31, 2008 and 2007, appraised as described in Note 2 h), include the following concepts:

	2008 MUS\$	2007 MUS\$
Spare parts and materials	50,628	42,646
Aircraft for sale (1)	4,016	4,789
Duty Free Stocks	2,847	4,386
Spares for sale (2)	1,676	1,694
	<hr/>	
Total	59,167	53,515

- (1) This encompasses five Boeing 737 aircraft whose value is shown net of the provision amounting to MUS\$1,997 as of March 31, 2008 (MUS\$1,600 in 2007).
- (2) Stocks for sale are shown net of the market value adjustment provision in the amount of MUS\$3,324 as of March 31, 2008 (MUS\$3,324 in 2007).

08. DEFERRED TAXES AND INCOME TAXES

a) General

As of March 31, 2008, the Parent Company recorded a taxable profit of MUS\$11,180 (MUS\$52,039 in 2007) and of MUS\$24,776 (MUS\$2,909 in 2007) for some of its subsidiaries. However, some subsidiaries in the group suffered tax losses in the amount of MUS\$57,160 (MUS\$116,147 in 2007) on the same date. According to the foregoing and governing laws, an income tax provision has been set up in the amount of MUS\$6,104 (MUS\$9,284 in 2007) and a special tax provision for MUS\$15 (MUS\$46 in 2007), which are shown net of tax credits, under Income Tax.

b) Deferred Taxes

Based on the standard described in Note 2 p), the balances of deferred taxes are shown in the table below.

08. Deferred taxes and income taxes
Deferred Taxes

CONCEPTS	03/31/2008				03/31/2007			
	DEFERRED TAX ASSETS		DEFERRED TAX LIABILITY		DEFERRED TAX ASSETS		DEFERRED TAX LIABILITY	
	SHORT TERM	LONG TERM	SHORT TERM	LONG TERM	SHORT TERM	LONG TERM	SHORT TERM	LONG TERM
TEMPORARY DIFFERENCES								
Uncollectibles Provision	4,646	172	0	0	4,608	87	0	0
Prepaid Income	0	0	0	0	0	0	0	0
Vacation Provision	2,815	1,400	0	0	1,973	1,048	0	0
Intangibles Amortization	62	254	0	0	53	333	0	0
Leasing Assets	0	0	0	29,229	0	0	0	24,150
Manufacturing Expenses	0	0	0	0	0	0	0	0
Depreciation of Property, Plant and Equipment	0	0	4	142,378	0	419	0	124,047
Severance Indemnities	0	0	0	0	0	0	0	0
Other Events	1,490	26,358	394	53	4,033	12,514	182	0
Obsolescence Provision	3,135	0	0	0	3,244	0	0	0
Accrued Tax Losses	1,323	16,554	0	0	193	27,447	0	0
Capitalized Commissions	0	0	2,040	0	0	0	1,281	0
Lapsed tickets	0	0	0	18,487	0	0	0	15,843
Capitalized expenses	0	0	2,181	890	0	0	3,020	1,294
Capitalized aircraft interest	0	0	0	13,905	0	0	0	10,870
Severance provision	0	78	0	0	1	522	0	0
Maintenance provision	0	0	0	15,550	0	0	0	0
OTHER								
Complementary accounts, net of amortization	0	0	0	8,407	0	0	0	8,645
Valuation Provision	1,648	15,845			1,648	11,547		
Grand Total	11,823	28,971	4,619	212,085	12,457	30,823	4,483	167,559

08. Deferred taxes and income taxes
Income tax

ITEM	03/31/2008	03/31/2007
Current tax expense (tax provision)	-6,119	-9,330
Tax expense adjustment (previous fiscal year)	-62	-1
Effect of deferred tax assets or liabilities for the fiscal year	-12,940	-8,790
Tax benefit from tax losses	0	0
Effect of amortization of complementary deferred asset and liability accounts	0	0
Effect of deferred taxes on assets or liabilities because of changes in the valuation provision	2,291	479
Other debits or credits to the account	-544	10
TOTALS	-17,374	-17,632

09. Other current assets

This line breaks down as follows:

	2008	2007
	MUS\$	MUS\$
Forwards (1)	6,383	16,136
Guarantees for derivative margins	5,080	-
Guarantees granted (planes)	1,514	5,306
Other guarantees	1,812	1,136
Other	1,475	1,400
TOTAL	16,264	23,978

(1) They correspond to fuel and interest rate hedging and currency forwards. The liabilities and provisions associated with such agreements are shown in Other Current Liabilities.

10. Property, Plant & Equipment

a) Property, plant and equipment

Property, plant and equipment are presented in attached electronic spreadsheet Note_10.200803C.89862200.xls.

b) Leasing Assets

The property, plant and equipment acquired under the financial lease method are shown as Other Fixed Assets, and correspond mainly to:

b.1) On September 30, 2004, the Parent Company sold its interest in the permanent establishments Condor Leasing LLC and Eagle Leasing LLC, both of them owners of a total of five Boeing 767-300 planes (three and two, respectively). The financial lease signed originally between both companies and Lan Airlines S.A. is still in effect for each of the aforesaid planes.

b.2) On June 30, 2006, Lan Cargo S.A., a subsidiary of Lan Airlines S.A., sold its interest in the permanent establishment Seagull Leasing LLC, owner of one Boeing 767-300F plane. The financial lease signed originally between the company and Lan Cargo S.A. is still in effect for the aforesaid plane.

b.3) On March 31, 2007, Lan Cargo S.A., a subsidiary of Lan Airlines S.A., sold its interest in the permanent establishment Bluebird Leasing LLC, owner of two Boeing 737-300F planes. The financial lease signed originally between the company and Lan Cargo S.A. is still in effect for the aforesaid planes.

c) Fleet Composition

The Parent Company and its subsidiaries own the following aircraft:

2008	2007	Aircraft	Model	Use
4	4	Boeing 737	200ADV	Passenger (*)
-	1	Boeing 737	200ADV	Cargo
10	7	Boeing 767	300ER	Passenger
8	8	Boeing 767	300F	Cargo
1	1	Boeing 767	200ER	Passenger (**)
7	-	Airbus A318	100	Passenger
10	10	Airbus A319	100	Passenger
6	4	Airbus A320	200	Passenger
46	35	Total		

(*) One aircraft leased to Pluna Líneas Aéreas Uruguayas S.A. and two to Sky Services S.A.

(**) Leased to Aerovias de Mexico S.A.

10. Property, Plant & Equipment

Leased aircraft:

2008	2007	Aircraft	Model	Use
5	10	Boeing 737	200ADV	Passenger
12	13	Boeing 767	300ER	Passenger
1	1	Boeing 767	300F	Cargo
5	5	Airbus A319	100	Passenger
11	11	Airbus A320	200	Passenger
5	4	Airbus A340	300	Passenger
39	44	Total		
85	79	Total Fleet		

10. Property Plant and Equipment
Property, Plant and Equipment

a) Property, plant and equipment

Property, plant and equipment are appraised as indicated in Notes 2 j), k) and l) and break down as follows:

	2008			2007		
	Asset Value	Cumulative Depreciation	Net Value	Asset Value	Cumulative Depreciation	Net Value
	MUS\$	MUS\$	MUS\$	MUS\$	MUS\$	MUS\$
Land	14,428	-	14,428	10,739	-	10,739
Buildings and infrastructure:						
Buildings	64,461	-14,822	49,639	64,430	-13,700	50,730
Other facilities	37,563	-16,002	21,561	37,564	-13,626	23,938
Constructions in progress	2,622	-	2,622	1,162	-	1,162
Total	104,646	-30,824	73,822	103,156	-27,326	75,830
Machinery and equipment:						
Boeing 767 Passenger Planes	683,127	-98,442	584,685	409,458	-67,189	342,269
Boeing 767 Cargo Planes	273,515	-31,339	242,176	273,343	-17,322	256,021
Boeing 737 Passenger Planes	1,894	-308	1,586	15,593	-12,358	3,235
Boeing 737 Cargo Planes	-	-	-	3,250	-2,229	1,021
Airbus A320 Passenger Planes	226,236	-39,155	187,081	144,892	-32,261	112,631
Airbus A319 Passenger Planes	342,211	-31,015	311,196	342,142	-12,985	329,157
Airbus A318 Passenger Plane	199,510	-4,105	195,405	-	-	-
Engines and rotables	404,487	-114,858	289,629	291,790	-96,031	195,759
Communication and computer equipment	74,430	-58,074	16,356	73,452	-54,905	18,547
Other machinery and equipment	44,586	-29,541	15,045	42,215	-26,910	15,305
Total	2,249,996	-406,837	1,843,159	1,596,135	-322,190	1,273,945
Other fixed assets:						
Leased Boeing 767 Plane (passenger)	228,259	-100,889	127,370	227,510	-88,970	138,540
Leased Boeing 767 Plane (cargo)	410,998	-140,785	270,213	410,155	-123,325	286,830
Spare parts warehouse	21,387	-	21,387	18,316	-	18,316
Office furniture and equipment	16,501	-11,558	4,943	15,971	-10,520	5,451
Other fixed assets	63,032	-30,610	32,422	63,813	-28,896	34,917
Total	740,177	-283,842	456,335	735,765	-251,711	484,054
Totals	3,109,247	-721,503	2,387,744	2,445,795	-601,227	1,844,568

The debit against income for depreciation in the fiscal year, classified under Operating Costs, amounted to MUS\$37,274 while it amounted to MUS\$3,605 for selling, general and administrative expenses (MUS\$30,017 and MUS\$3,878 respectively, in 2007).

Given their characteristics, rotables are shown as Engines and Rotables. Spare parts in stock that are consumed in more than one year are shown in Other Fixed Assets, without depreciation and net of the obsolescence provision, which amounted to MUS\$9,796 as of March 31, 2008 (MUS\$12,867 in 2007).

As of March 31, 2008, Machinery and Equipment are shown net of a provision for MUS\$6,541 for the retirement of the Boeing 737 Fleet (MUS\$6,500 in 2007).

11. Lease-Backs

These transactions are presented in attached electronic spreadsheet Note_11.200803C.89862200.xls.

11. Lease-Backs

At the close of these Financial Statements, the Parent Company had made a lease-back as seller-lessee dated March 2002, as follows:

Description	Sale Price	Nominal Lease-Back Price	No. of installments	Term (years)	Profit on Sale	Amortization		Amount to be amortized	
	MUS\$	MUS\$				03/31/2008	03/31/2007	03/31/2008	03/31/2007
						MUS\$	MUS\$	MUS\$	MUS\$
Two Airbus A320 fleet engines	13,100	9,684	84	7	6,883	5,900	4,916	983	1,967

12. Investments in related companies

a) Proportional equity value

The Parent Company has a significant influence in some of its affiliates where it holds less than 20%. Therefore, the Proportional Equity Value (PEV) has continued to be used as the valuation method.

b) Investments abroad

The Parent Company and its subsidiaries maintain investments in foreign companies that have not made significant profit remittances at the close of both periods.

c) Additional information

1. Lan Pax Group S.A.

On December 20, 2007, a special shareholders meeting decided to reduce the capital of Lan Argentina S.A. (formerly Aero 2000 S.A.) in proportion to the shareholdings of each shareholder. The capital consisted of 11,068,484 nominal shares that was reduced to 6,176,253 nominal shares.

On August 28, 2007, Lan Pax Group S.A. made a capital increase in Inversora Cordillera S.A. for MUS\$18,526. Its equity interest rose from 80% to 90.52%. This transaction generated goodwill of MUS\$1,755.

On August 28, 2007, Lan Pax Group S.A. made a capital increase in Lan Argentina S.A. (formerly Aero 2000 S.A.) for MUS\$904. Its equity interest remained 4%.

On August 28, 2007, Inversora Cordillera S.A. made a capital increase in Lan Argentina S.A. (formerly Aero 2000 S.A.) for MUS\$18,742. Its equity interest remained 95%.

On June 20, 2007, Lan Pax Group S.A. made a capital increase in Inversora Cordillera S.A. in the amount of MUS\$2,543, thereby maintaining its 80% interest.

On June 20, 2007, Inversora Cordillera S.A. made a capital increase in Lan Argentina S.A. (formerly Aero 2000 S.A.) in the amount of MUS\$2,503, thereby maintaining its 95% interest.

On December 22, 2006, Lan Pax Group S.A. and Inversora Cordillera S.A., both subsidiaries, made a capital increase in Lan Argentina S.A. (formerly Aero 2000 S.A.) in the amount of MUS\$296 and MUS\$7,026, maintaining their interests at 4% and 95%, respectively.

On October 10, 2006, Perdiz Leasing Limited was incorporated in which Lan Pax Group S.A. has an interest of 99% (99 shares), equal to US\$99.

On September 29, 2006, Atlantic Aviation Investments LLC was incorporated in which Lan Pax Group S.A. has an interest of 99% (990 shares), equal to US\$990.

On August 17, 2006, the subsidiary Lan Pax Group S.A. acquired a 31% interest in Inversora Cordillera S.A. at the price of MUS\$1,872, equal to 4,116,818 shares, thereby increasing its interest from 49% to

80%. It also made a capital contribution in the amount of MUS\$7,488. This transaction generated goodwill totaling MUS\$1,872.

On August 17, 2006, the subsidiary Lan Pax Group S.A. acquired a 1.55% interest in Lan Argentina S.A. (formerly Aero 2000 S.A.) at the price of MUS\$70, equal to 29,140 shares, thereby increasing its interest from 2.45% to 4%. It also made a capital contribution in the amount of MUS\$94. This transaction generated goodwill totaling MUS\$70.

2. Lan Courier S.A.

On December 15, 2006, Lan Airlines S.A. sold 99.99% of its interest in Lan Courier S.A. to its subsidiaries Lan Cargo S.A. (99.98%) and Inversiones Lan S.A. (0.01%), for a total amount of MUS\$5,638, equal to 8,837,860 shares. This transaction generated goodwill on the investment for Lan Cargo S.A. in the amount of MUS\$2,620 and unrealized income in Lan Airlines S.A. for the same amount.

3. Lan Cargo S.A.

On January 2, 2008, Lan Cargo S.A. and Inversiones Lan S.A. sold all of the shares they held in Terminal de Exportacion Internacional S.A. The gain on this sale was MUS\$1,636.

On December 20, 2007, Air Cargo Limited, a subsidiary of Lan Cargo Overseas Limited, sold the entire interest it held in Florida West International Airways, Inc., which generated a profit of MUS\$1,128 on the sale.

On December 20, 2007, the Corporations Division of the State of Delaware authorized the dissolution of LanLogistics, Corp., a subsidiary of Lan Cargo S.A.

On May 16, 2007, LanLogistic, Corp., a subsidiary of Lan Cargo S.A., sold all of its interest in Skyworld International Couriers, Inc. and Lanbox, Inc. and on April 30, 2007, it sold its interest in All Cargo Net. These transactions generated a loss amounting to MUS\$4,252 on the sales.

On April 27, 2006, the subsidiary Lan Cargo S.A. made a dividend distribution in the amount of MUS\$30,833.

On April 28, 2006, the subsidiary Lan Cargo S.A. made a dividend distribution in the amount of MUS\$5,934.

4. Lan Peru S.A.

In May 2007, Lan Peru S.A. made a dividend distribution in the amount of MUS\$737 to Lan Airlines S.A. and MUS\$329 to Inversiones Aereas S.A.

The Parent Company and its subsidiaries have deemed that the book value of investments made as from January 1, 2004, is a good approximation to the fair value. Therefore, that value has been used in appraising investments.

13. Goodwill and Negative Goodwill

1. On May 16, 2007, the subsidiary of Lan Cargo S.A., LanLogistics, Corp., sold all of its interest in Skyworld International Couriers, Inc. and Lan Box, Inc., thereby eliminating the goodwill on the investment that LanLogistics, Corp. had recorded in the purchase of these investments. Upon eliminating the consolidation of these companies, the negative goodwill on the investment is no longer shown that was recorded from the purchase of Choice Air Courier del Peru S.A. by Skyworld International Couriers, Inc.

2. On December 20, 2007, Air Cargo Limited, a subsidiary of Lan Cargo Overseas, sold all of its interest in Florida West International Airways S.A., thereby eliminating during 2008 the goodwill on the investment that Lan Cargo Overseas had recorded in the purchase of this investment in Air Cargo Limited.

13. Goodwill and Negative Goodwill Goodwill

TAXPAYER I.D. NUMBER	COMPANY	03/31/2008		03/31/2007	
		AMOUNT AMORTIZED IN PERIOD	GOODWILL BALANCE	AMOUNT AMORTIZED IN PERIOD	GOODWILL BALANCE
93383000-4	LAN CARGO S.A.	452	16,742	452	18,552
0-E	INVERSORA CORDILLERA S.A.	105	7,512	83	6,142
0-E	INVERSIONES AEREAS S.A.	73	3,929	74	4,222
0-E	MAS INVESTMENT LIMITED	43	2,174	43	2,346
0-E	AEROLINHEAS BRASILEIRAS S.A.	36	1,978	36	2,121
0-E	LAN BOX, INC.	0	0	26	1,770
0-E	SKYWORLD INTERNATIONAL COURIERS, INC.	0	0	65	3,759
0-E	PROMOTORA AEREA LATINOAMERICANA S.A.	21	1,189	21	1,273
0-E	AIR CARGO LIMITED	0	0	10	586
0-E	LAN ARGENTINA S.A. (FORMERLY AERO 2000 S.A.)	9	622	9	671
0-E	PRIME AIRPORT SERVICES INC.	9	360	9	395
0-E	SKYBOX SERVICES CORP.	0	0	13	627
0-E	AEROTRANSPORTES MAS DE CARGA S.A.	3	143	2	154
0-E	H.G.A. RAMPAS Y SERVICIOS AEROPORTUARIOS DE GUAYAQUIL S.A.	1	32	1	34
0-E	H.G.A. RAMPAS DEL ECUADOR S.A.	0	32	0	34
	TOTAL	752	34,713	844	42,686

13. Goodwill and Negative Goodwill
Negative Goodwill

TAXPAYER I.D. NUMBER	COMPANY	03/31/2008		03/31/2007	
		AMOUNT AMORTIZED IN PERIOD	GOODWILL BALANCE	AMOUNT AMORTIZED IN PERIOD	GOODWILL BALANCE
0-E	CHOICE AIR COURIER DEL PERU S.A.	0	0	1	71
	TOTAL	0	0	1	71

14. Other (Assets)

This line breaks down as follows:

	2008	2007
	MUS\$	MUS\$
a) Deposits in guarantee:		
Deposits in guarantee (planes)	13,680	10,021
Other	2,929	3,895
Subtotal	16,609	13,916
b) Other long-term assets:		
Plane advances (1)	323,734	290,312
Unrealized income from forward (2)	86,441	28,550
Other	2,842	3,122
Subtotal	413,017	321,984
Total	429,626	335,900

- (1) They correspond mainly to advances for aircraft purchased. These plane advances will be recovered when the plane is received, depending upon the agreed conditions. The short-term figures are included in Sundry Receivables, as indicated in Note 5 c).
- (2) They correspond to interest rate hedging agreements.

17. Provisions and Write-offs

a) Provisions

This line is comprised as follows, and appraised according to Note 2 r):

	Short term		Long term	
	2008	2007	2008	2007
	MUS\$	MUS\$	MUS\$	MUS\$
Plane and engine maintenance	56,951	51,253	58,930	36,349
Provision for E. C. Investigation (1)	-	-	25,000	-
Vacations	18,163	12,537	7,919	5,776
Lan Pass Award	8,031	10,203	-	-
Bonuses	4,196	3,169	-	-
Other	11,707	3,795	13,484	8,849
TOTAL	99,048	80,957	105,333	50,974

b) Write-offs

Write-offs made as of March 31, 2008 and 2007, are as follows:

	2008	2007
	MUS\$	MUS\$
Uncollectible receivables	1,302	2,568
Spare part and rotatable obsolescence	155	346
Total	1,457	2,914

Both write-offs were debited against provisions.

(1) A provision established based on the proceedings before the European Commission for eventual infringements of fair competition on the European air cargo market.

18. Other Long-Term Liabilities

Other long-term liabilities break down as follows:

	2008	2007
	MUS\$	MUS\$
Leasing debt (1)	220,358	273,649
Forward (2)	81,230	21,806
Early collection of U.S. sales (3)	3,405	16,454
Other	533	1,342
TOTAL	305,526	313,251

- (1) The short-term portion, amounting to MUS\$61,995 (MUS\$59,901 in 2007), is shown in the account Long-term Obligations to Expire within One Year.
- (2) Interest rate hedging contracts.
- (3) On August 22, 2002, Lan Airlines S.A. entered into a securitization agreement with Pelican Finance Ltd. for an initial sum of MUS\$40,000. Under this agreement, it agreed to assign and sell in the United States of America the rights corresponding to the company to collect and receive future credit card ticket sales made in that country using certain credit cards. The assignment of those rights authorizes the assignee to recover the investment between 2006 and 2009, at a financial cost of 6.96% annually.

Disbursements under the aforesaid agreement are shown in the line Other Financing Disbursements in the Consolidated Statement of Cash Flow (Note 25).

In relation to the Consolidated Statement of Income, interest accrued is shown under the line Interest Expense within Non-Operating Income.

The short-term portion amounting to MUS\$13,409 (MUS\$12,179 in 2007) is shown in the line Long-term Obligations to Expire within One Year.

19. Minority Interest

The minority interest recognized by the Parent Company with respect to liabilities and income is as follows:

TAX REGISTRATION NUMBER	Company	Minority Interest - Liability	
		2008 MUS\$	2007 MUS\$
0-E	Lan Cargo Overseas Limited	4,910	2,220
0-E	Lan Perú S.A.	2,339	1,729
93.383.000-4	Lan Cargo S.A.	396	277
96.969.680-0	Lan Pax Group S.A.	152	-
96.575.810-0	Inversiones Lan S.A.	12	8
78.005.760-2	Sociedad de Seguridad Aérea S.A.	-	10
0-E	LanLogistics, Corp.	-	75
	Total	7,809	4,319

TAX REGISTRATION NUMBER	Company	Minority Interest - Income	
		2008 MUS\$	2007 MUS\$
0-E	Lan Cargo Overseas Limited	-2,140	-203
96.969.680-0	Lan Pax Group S.A.	-273	-
0-E	Lan Peru S.A.	-178	211
93.383.000-4	Lan Cargo S.A.	-24	-17
96.575.810-0	Inversiones Lan S.A.	-3	1
0-E	LanLogistics, Corp.	-	-8
78.005.760-2	Sociedad de Seguridad Aérea S.A.	-	-8
	Total	-2,618	-24

20 . Changes in Equity

a) Capital increase

The Special Shareholders Meeting of the Parent Company, held April 5, 2007, approved a capital increase through the issuance of 22,090,910 cash shares, of the same characteristics as the existing ones, 19,881,819 of which have been subscribed and paid-in as of March 31, 2008, equal to MUS\$319,141.

b) Employee stock options

A special shareholders meeting held April 5, 2007 approved an executive compensation plan that entailed stock options. 10% of the shares in the capital increase approved on that same date were allocated to this plan.

On May 17, 2007, the Board approved granting options for a total of 2,209,091 shares to a group of executives at the placement price set for that purpose, or US\$16.11208 per share. This was formalized through the execution of stock option agreements in the proportions provided in the accrual table below in relation to the time each executive has been in the employ of the Company when the options are exercised:

Percentage Period:	30% from July 1, 2009
	30% from July 1, 2010
	40% from July 1, 2011

According to Note 2.z), these options were appraised and recorded at the fair value on the date they were granted, which was calculated using the Black-Sholes-Merton method.

The fair value, amounting to MUS\$3,954, is recorded against salaries and credited to other reserves on a straight-line basis during the period from the grant of the option to the date when the option becomes irrevocable.

As of March 31, 2008, contracts had been signed for a total of 1,451,000 stock options.

c) Dividends

At a Regular Board Meeting of the Parent Company held December 21, 2007, payment of an interim dividend of US\$0.35389 per share was approved on account of 2007 fiscal year profits. At December 31, 2007, this amount was shown in Dividends Payable and it was paid in January 2008.

At a Regular Board Meeting of the Parent Company held July 31, 2007, payment of an interim dividend of US\$0.26596 per share was approved on account of 2007 fiscal year profits. That dividend was paid in August 2007.

The Regular Shareholders Meeting of the Parent Company, held April 5, 2007, approved the distribution of final dividends on account of 2006 fiscal year profits in the amount of US\$0.52965 per share. The interim dividends of US\$0.15071 (paid in July 2006) and

US\$0.21256 (paid in December 2006) per share were imputed toward such amount. An amount equal to US\$0.16638 per share was pending payment, which was paid in April 2007.

The book value of the share was US\$3.1858 at the close of the period (US\$2.2339 as of March 31, 2007).

d) Other Reserves

The balance in the Other Reserves line was as follows at the close of each period:

	2008	2007
	MUS\$	MUS\$
Reserve for fixed asset adjustment (1)	2,620	2,620
Costs of share issuance and placement (2)	-2,672	-
Options on cash shares	190	-
Total	138	2,620

- (1) These reserves cannot be distributed but rather only allocated to capitalization.
- (2) See Note 24.

20 . Changes in Equity
Changes in Equity

LINES	03/31/2008									03/31/2007								
	PAID-IN CAPITAL	CAPITAL REVALUATION RESERVE	PREMIUM ON SALE OF SHARES	OTHER RESERVES	FUTURE DIVIDEND RESERVES	RETAINED EARNINGS	INTERIM DIVIDENDS	DEFICIT IN PERIOD OF DEVELOPMENT	FISCAL YEAR PROFIT (LOSS)	PAID-IN CAPITAL	CAPITAL REVALUATION RESERVE	PREMIUM ON SALE OF SHARES	OTHER RESERVES	FUTURE DIVIDEND RESERVES	RETAINED EARNINGS	INTERIM DIVIDENDS	DEFICIT IN PERIOD OF DEVELOPMENT	FISCAL YEAR PROFIT (LOSS)
Initial Balance	453,444	0	0	-52	0	436,337	-210,000	0	308,323	134,303	0	0	2,620	0	363,947	-115,850	0	241,300
Distribution of previous fiscal year profits	0	0	0	0	0	308,323	0	0	-308,323	0	0	0	0	0	241,300	0	0	-241,300
Final dividend for previous fiscal year	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Capital increase because of cash share issue	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Capitalization of reserves and/or profits	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Cumulative deficit in period of development	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Dividends Distributed	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Options on cash shares	0	0	0	190	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Revaluation of equity	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Fiscal year profit (loss)	0	0	0	0	0	0	0	0	91,090	0	0	0	0	0	0	0	0	86,089
Interim dividends	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Final balance	453,444	0	0	138	0	744,660	-210,000	0	91,090	134,303	0	0	2,620	0	605,247	-115,850	0	86,089
Adjusted Balances	--	--	--	--	--	--	--	--	--	134,303	0	0	2,620	0	605,247	-115,850	0	86,089

20. Changes in equity
Number of Shares

SERIES	NUMBER OF SUBSCRIBED SHARES	NUMBER OF PAID-IN SHARES	NUMBER OF VOTING SHARES
SINGLE	338,790,909	338,790,909	338,790,909

20. Changes in equity
Capital (amount in M\$)

SERIES	SUBSCRIBED CAPITAL	PAID-IN CAPITAL
SINGLE	453,444	453,444

21. Other Non-Operating Income and Disbursements
--

Other non-operating income and disbursements break down as follows:

	2008	2007
	MUS\$	MUS\$
a) Other non-operating income:		
Profit on the sale of investments	1,636	-
Fuel hedge	1,463	-
Gain on the sale of property, plant and equipment	304	457
Other	363	274
TOTAL	3,766	731
b) Other non-operating disbursements:		
Extraordinary indemnity to personnel	-	509
Fuel hedge	-	4,506
Other	531	198
TOTAL	531	5,213

22. Price-level Restatement
Price-Level Restatement

ASSETS (DEBITS) / CREDITS	ADJUSTMENT INDEX	03/31/2008	03/31/2007
INVENTORIES	CPI	-1	0
PROPERTY, PLANT & EQUIPMENT	CPI	21	18
INVESTMENTS IN RELATED COMPANIES	CPI	17	3
OTHER NON-MONETARY ASSETS	CPI	14	-2
EXPENSE AND COST ACCOUNTS	CPI	-6	0
TOTAL (DEBITS) CREDITS	--	45	19
LIABILITIES (DEBITS) / CREDITS			
EQUITY	0	0	0
NON-MONETARY LIABILITIES	CPI	5	2
INCOME ACCOUNTS	0	0	0
TOTAL (DEBITS) CREDITS	--	5	2
(LOSS) PROFIT FROM PRICE-LEVEL RESTATEMENT		50	21

23. Exchange Differentials
Exchange Differentials

LINE	CURRENCY	AMOUNT	
		03/31/2008	03/31/2007
ASSETS (DEBITS) CREDITS			
CASH	EURO	271	-177
CASH	BRAZILIAN REAL	-12	69
CASH	ARGENTINE PESO	-32	-31
CASH	MEXICAN PESO	90	-90
CASH	NON-ADJUSTABLE PESO	-12,436	1,265
CASH	OTHER CURRENCIES	10	-24
TIME DEPOSITS	NON-ADJUSTABLE PESO	12,775	-1,760
TIME DEPOSITS	OTHER CURRENCIES	-66	-1
MARKETABLE SECURITIES	ADJUSTABLE PESO	1,998	-325
MARKETABLE SECURITIES	OTHER CURRENCIES	6	-30
SALES RECEIVABLES	COLOMBIAN PESO	1,029	0
SALES RECEIVABLES	EURO	1,682	1,234
SALES RECEIVABLES	BRAZILIAN REAL	-192	393
SALES RECEIVABLES	ARGENTINE PESO	-27	-77
SALES RECEIVABLES	AUSTRALIAN DOLLAR	169	27
SALES RECEIVABLES	BOLIVAR	0	863
SALES RECEIVABLES	NON-ADJUSTABLE PESO	2,367	-645
SALES RECEIVABLES	ADJUSTABLE PESO	0	2
SALES RECEIVABLES	OTHER CURRENCIES	-549	240
NOTES RECEIVABLE	NON-ADJUSTABLE PESO	886	-227
NOTES RECEIVABLE	OTHER CURRENCIES	42	11
SUNDRY RECEIVABLES	EURO	79	0
SUNDRY RECEIVABLES	NON-ADJUSTABLE PESO	-928	-529
SUNDRY RECEIVABLES	ADJUSTABLE PESO	427	-33
SUNDRY RECEIVABLES	OTHER CURRENCIES	928	108
RECOVERABLE TAXES	BRAZILIAN REAL	22	41
RECOVERABLE TAXES	ARGENTINE PESO	207	0
RECOVERABLE TAXES	MEXICAN PESO	406	0
RECOVERABLE TAXES	ADJUSTABLE PESO	3,425	-157
RECOVERABLE TAXES	OTHER CURRENCIES	559	-158
PREPAID EXPENSES	OTHER CURRENCIES	15	30
DEFERRED TAXES	MEXICAN PESO	26	0
DEFERRED TAXES	NEW SOL	73	3
DEFERRED TAXES	ADJUSTABLE PESO	0	-21
OTHER CURRENT ASSETS	NON-ADJUSTABLE PESO	1,117	-76
OTHER CURRENT ASSETS	ADJUSTABLE PESO	13	-1
OTHER CURRENT ASSETS	OTHER CURRENCIES	28	0
OTHER FIXED ASSETS	ARGENTINE PESO	0	-4
INVESTMENTS IN RELATED COMPANIES	NON-ADJUSTABLE PESO	1,974	0
INVESTMENTS IN RELATED COMPANIES	ADJUSTABLE PESO	0	-270
INVESTMENTS IN RELATED COMPANIES	OTHER CURRENCIES	0	39
INVESTMENTS IN OTHER COMPANIES	NON-ADJUSTABLE PESO	176	-14
GOODWILL	ARGENTINE PESO	-3	-8
LONG-TERM RECEIVABLES	ADJUSTABLE PESO	477	-33

OTHER	NON-ADJUSTABLE PESO	-34	0
OTHER	ADJUSTABLE PESO	10	0
OTHER	OTHER CURRENCIES	25	-4
Total (Debits) Credits		17,033	-370
LIABILITIES (DEBITS) / CREDITS			
SHORT-TERM BANK DEBT	ARGENTINE PESO	0	116
DIVIDENDS PAYABLE	DOLLAR	-672	0
DIVIDENDS PAYABLE	ADJUSTABLE PESO	-22	0
ACCOUNTS PAYABLE	EURO	-76	-88
ACCOUNTS PAYABLE	ARGENTINE PESO	-3	70
ACCOUNTS PAYABLE	MEXICAN PESO	-78	33
ACCOUNTS PAYABLE	NEW SOL	-415	0
ACCOUNTS PAYABLE	NON-ADJUSTABLE PESO	-9,230	598
ACCOUNTS PAYABLE	ADJUSTABLE PESO	0	-4
ACCOUNTS PAYABLE	OTHER CURRENCIES	-772	-60
NOTES PAYABLE	OTHER CURRENCIES	0	-11
SUNDRY PAYABLES	OTHER CURRENCIES	-11	12
INTERCOMPANY NOTES AND ACCOUNTS PAYABLE	NON-ADJUSTABLE PESO	-244	9
INTERCOMPANY NOTES AND ACCOUNTS PAYABLE	OTHER CURRENCIES	832	-14
PROVISIONS	BRAZILIAN REAL	-14	-53
PROVISIONS	NON-ADJUSTABLE PESO	-559	60
PROVISIONS	OTHER CURRENCIES	-158	2
WITHHOLDINGS	NON-ADJUSTABLE PESO	-2,121	210
WITHHOLDINGS	OTHER CURRENCIES	-42	-82
INCOME TAX	OTHER CURRENCIES	-115	-22
PREPAID INCOME	EURO	0	797
PREPAID INCOME	NON-ADJUSTABLE PESO	1,768	-16
PREPAID INCOME	OTHER CURRENCIES	-514	-492
OTHER CURRENT LIABILITIES	NON-ADJUSTABLE PESO	-13	1
OTHER CURRENT LIABILITIES	OTHER CURRENCIES	-1	-1
L/T PROVISIONS	BRAZILIAN REAL	-15	-46
L/T PROVISIONS	NON-ADJUSTABLE PESO	-949	75
L/T PROVISIONS	OTHER CURRENCIES	-39	-2
L/T DEFERRED TAXES	NEW SOL	32	0
L/T DEFERRED TAXES	OTHER CURRENCIES	-83	-142
OTHER L/T LIABILITIES	OTHER CURRENCIES	-28	3
Total (Debits) Credits		-13,542	953
Profit (Loss) on Exchange Differential		3,491	583

24. Expenses for share issuance and placement

Expenses for share issuance and placement incurred by the Parent Company as of March 31, 2008 and recorded according to Note 2 y) are as follows:

	MUS\$
Placement fees	1,671
Legal assistance	547
Accounting assistance	176
Financial assistance	129
Printing and other expenses	100
Filing and registration fees	49
Total	2,672

These expenses are recorded in an equity account classified under Other Reserves, called Expenses of Share Issuance and Placement.

According to Circular Letter No. 1,736 of the Superintendency of Securities and Insurance, the account for Expenses of Share Issuance and Placement must be deducted from Equity at the next Special Shareholders Meeting to be held by the Parent Company.

25. Statements of Cash Flow

Other Financing Disbursements are as follows:

	2008 MUS\$	2007 MUS\$
Securitization (1)	3,124	2,916
Total	3,124	2,916

(1) See Note 18.

26. Derivative Agreements

The derivative agreements have been valued according to provisions in Technical Bulletin No. 57 of the Chilean Accountants Association, pursuant to Note 2 u).

26. Derivative Agreements
Derivative Agreements

Type of Derivative	Type of contract	Contract Description						Value of the Protected Item	Accounts affected			
		Value of the contract	Term or Expiry Date	Specific Item	Purchase /Sale Position	Transaction or Item Protected			Assets/Liabilities		Effect on results	
						Name	Amount		Name	Amount	Realized	Unrealized
S	CCTE	52,664	II 2010	Interest rate	C	Loan	52,664	16,181	0	0	-79	-661
S	CCTE	48,431	II 2010	Interest rate	C	Loan	48,431	14,894	0	0	-72	-603
S	CCTE	50,934	III 2010	Interest rate	C	Loan	50,934	16,453	0	0	-48	-752
S	CCTE	51,462	IV 2010	Interest rate	C	Loan	51,462	17,562	0	0	-43	-870
S	CCTE	58,062	IV 2011	Interest rate	C	Loan	58,062	25,636	0	0	-134	-1,657
S	CCTE	69,055	III 2012	Interest rate	C	Loan	69,055	34,010	0	0	-155	-2,577
S	CCTE	32,874	IV 2017	Interest rate	C	Loan	32,874	28,150	0	0	-40	-1,708
S	CCTE	32,874	IV 2017	Interest rate	C	Loan	32,874	28,150	0	0	-52	-1,763
S	CCTE	32,875	IV 2019	Interest rate	C	Loan	33,098	32,599	0	0	-146	-3,117
S	CCTE	34,069	IV 2019	Interest rate	C	Loan	34,069	32,701	0	0	-130	-3,214
OE	CCTE	12,750	III 2012	Interest rate	C	Loan	12,750	8,493	0	0	-9	-187
OE	CCTE	12,825	IV 2012	Interest rate	C	Loan	12,825	9,008	0	0	-11	-201
OE	CCTE	11,604	I 2013	Interest rate	C	Loan	11,604	8,583	0	0	-8	-123
OE	CCTE	31,530	III 2014	Interest rate	C	Loan	31,530	19,469	0	0	-50	188

OE	CCTE	32,227	IV 2014	Interest rate	C	Loan	32,227	20,856	0	0	-49	-1,156
OE	CCTE	32,182	IV 2014	Interest rate	C	Loan	32,182	20,888	0	0	-48	-1,116
OE	CCTE	31,814	IV 2014	Interest rate	C	Loan	31,814	20,923	0	0	-53	-1,378
OE	CCTE	30,257	IV 2015	Interest rate	C	Plane Lease	30,257	0	0	0	-54	298
OE	CCTE	30,257	IV 2015	Interest rate	C	Plane Lease	30,257	0	0	0	-59	298
OE	CCTE	24,500	III 2016	Interest rate	C	Plane Lease	24,500	0	0	0	-22	-830
OE	CCTE	24,500	IV 2016	Interest rate	C	Plane Lease	24,500	0	0	0	-29	-804
S	CCTE	4,693	II 2010	Interest rate	C	Loan	4,693	2,651	0	0	-7	-82
S	CCTE	4,698	II 2010	Interest rate	C	Loan	4,698	2,654	0	0	-7	-82
S	CCTE	5,317	IV 2010	Interest rate	C	Loan	5,317	3,123	0	0	-2	-117
S	CCTE	5,210	III 2010	Interest rate	C	Loan	5,210	2,947	0	0	-2	-103
S	CCTE	6,757	IV 2011	Interest rate	C	Loan	6,757	4,568	0	0	-11	-208
S	CCTE	5,607	III 2012	Interest rate	C	Loan	5,607	4,077	0	0	-7	-211
S	CCTE	7,489	III 2013	Interest rate	C	Loan	7,489	4,884	0	0	-14	-267
S	CCTE	7,772	IV 2013	Interest rate	C	Loan	7,772	5,130	0	0	-5	-277
S	CCTE	70,103	I 2020	Interest rate	C	Loan	70,103	0	0	0	0	-4,567
S	CCTE	71,359	II 2020	Interest rate	C	Loan	71,359	0	0	0	0	-4,791
S	CCTE	70,950	III 2020	Interest rate	C	Loan	70,950	0	0	0	0	-7,354
S	CCTE	71,383	III 2020	Interest rate	C	Loan	71,383	0	0	0	0	-7,135

S	CCTE	72,396	IV 2020	Interest rate	C	Loan	72,396	0	0	0	0	-4,246
S	CCTE	74,590	I 2015	Interest rate	C	Loan	74,590	0	0	0	0	-3,144
S	CCTE	74,742	I 2015	Interest rate	C	Loan	74,742	0	0	0	0	-3,019
S	CCTE	74,948	I 2015	Interest rate	C	Loan	74,948	0	0	0	0	-3,074
S	CCTE	23,724	III 2019	Interest rate	C	Loan	23,724	0	0	0	0	-2,481
S	CCTE	23,724	III 2019	Interest rate	C	Loan	23,724	0	0	0	0	-2,502
S	CCTE	23,724	III 2019	Interest rate	C	Loan	23,724	0	0	0	0	-2,460
S	CCTE	24,410	III 2020	Interest rate	C	Loan	24,410	0	0	0	0	-2,492
S	CCTE	24,410	III 2020	Interest rate	C	Loan	24,410	0	0	0	0	-2,492
S	CCTE	24,410	III 2020	Interest rate	C	Loan	24,410	0	0	0	0	-2,492
S	CCTE	24,410	III 2020	Interest rate	C	Loan	24,410	0	0	0	0	-2,492
S	CCTE	24,410	III 2020	Interest rate	C	Loan	24,410	0	0	0	0	-2,492
S	CCTE	24,410	III 2020	Interest rate	C	Loan	24,410	0	0	0	0	-2,492
S	CCTE	34,636	III 2020	Interest rate	C	Loan	34,636	0	0	0	0	-3,536
S	CCTE	34,636	III 2020	Interest rate	C	Loan	34,636	0	0	0	0	-3,536
S	CCTE	24,586	IV 2020	Interest rate	C	Loan	24,586	0	0	0	0	-2,355
S	CCTE	24,586	IV 2020	Interest rate	C	Loan	24,586	0	0	0	0	-2,355
S	CCTE	24,586	IV 2020	Interest rate	C	Loan	24,586	0	0	0	0	-2,355
S	CCTE	24,586	IV 2020	Interest rate	C	Loan	24,586	0	0	0	0	-2,355
S	CCTE	24,586	IV 2020	Interest rate	C	Loan	24,586	0	0	0	0	-2,355

S	CCTE	36,737	IV 2015	Interest rate	C	Loan	36,737	0	0	0	0	-850
S	CCTE	36,737	IV 2015	Interest rate	C	Loan	36,737	0	0	0	0	-850
S	CCTE	36,737	IV 2015	Interest rate	C	Loan	36,737	0	0	0	0	-850
S	CCTE	2,786	II 2008	Fuel	C	Fuel Purchase	2,786	0	0	0	0	1,315
S	CCTE	2,471	II 2008	Fuel	C	Fuel Purchase	2,471	0	0	0	0	1,175
S	CCTE	2,822	III 2008	Fuel	C	Fuel Purchase	2,822	0	0	0	0	1,211
S	CCTE	2,504	III 2008	Fuel	C	Fuel Purchase	2,504	0	0	0	0	1,080
OE	CCTE	14,135	II, III AND IV 2008	Fuel	C	Fuel Purchase	14,135	0	0	0	0	3,884
OE	CCTE	7,088	II, III AND IV 2008	Fuel	C	Fuel Purchase	7,088	0	0	0	0	1,942
OE	CCTE	3,150	II, III AND IV 2008	Fuel	C	Fuel Purchase	3,150	0	0	0	0	863
OE	CCTE	3,938	II, III AND IV 2008	Fuel	C	Fuel Purchase	3,938	0	0	0	0	1,079
OE	CCTE	6,480	II, III AND IV 2008	Fuel	C	Fuel Purchase	6,480	0	0	0	0	1,749
OE	CCTE	4,833	II, III AND IV 2008	Fuel	C	Fuel Purchase	4,833	0	0	0	0	1,311
OE	CCTE	1,575	II, III AND IV 2008	Fuel	C	Fuel Purchase	1,575	0	0	0	0	432
OE	CCTE	1,620	II, III AND IV 2008	Fuel	C	Fuel Purchase	1,620	0	0	0	0	437
OE	CCTE	2,925	IV 2008	Fuel	C	Fuel Purchase	2,925	0	0	0	0	884
OE	CCTE	41,400	II, III AND IV 2008	Fuel	C	Fuel Purchase	41,400	0	0	0	0	2,496
OE	CCTE	41,400	II, III AND IV 2008	Fuel	C	Fuel Purchase	41,400	0	0	0	0	2,496
OE	CCTE	15,600	III AND IV 2008	Fuel	C	Fuel Purchase	15,600	0	0	0	0	1,147

OE	CCTE	15,600	III AND IV 2008	Fuel	C	Fuel Purchase	15,600	0	0	0	0	1,147
OE	CCTE	15,600	III AND IV 2008	Fuel	C	Fuel Purchase	15,600	0	0	0	0	1,147
OE	CCTE	15,600	III AND IV 2008	Fuel	C	Fuel Purchase	15,600	0	0	0	0	1,147
OE	CCTE	6,000	IV 2008	Fuel	C	Fuel Purchase	6,000	0	0	0	0	472
F	CCTE	5,033	II 2008	Dollar	C	Dollar Purchase	5,033	0	0	0	0	-338
F	CCTE	10,059	II 2008	Dollar	C	Dollar Purchase	10,059	0	0	0	0	-772
F	CCTE	10,095	II 2008	Dollar	C	Dollar Purchase	10,095	0	0	0	0	-709
F	CCTE	10,112	II 2008	Dollar	C	Dollar Purchase	10,112	0	0	0	0	-820
F	CCTE	5,049	II 2008	Dollar	C	Dollar Purchase	5,049	0	0	0	0	-352
F	CCTE	5,000	II 2008	Dollar	C	Dollar Purchase	5,000	0	0	0	0	-185
F	CCTE	5,000	II 2008	Dollar	C	Dollar Purchase	5,000	0	0	0	0	-161
F	CCTE	5,000	II 2008	Dollar	C	Dollar Purchase	5,000	0	0	0	0	-150
F	CCTE	5,000	II 2008	Dollar	C	Dollar Purchase	5,000	0	0	0	0	-184
F	CCTE	5,000	II 2008	Dollar	C	Dollar Purchase	5,000	0	0	0	0	-149
F	CCTE	5,000	II 2008	Dollar	C	Dollar Purchase	5,000	0	0	0	0	-143
F	CCTE	5,000	II 2008	Dollar	C	Dollar Purchase	5,000	0	0	0	0	-137
F	CCTE	5,000	II 2008	Dollar	C	Dollar Purchase	5,000	0	0	0	0	-148
F	CCTE	5,000	II 2008	Dollar	C	Dollar Purchase	5,000	0	0	0	0	-131
F	CCTE	5,000	II 2008	Dollar	C	Dollar Purchase	5,000	0	0	0	0	-118

F	CCTE	5,046	II 2008	Dollar	C	Dollar Purchase	5,046	0	0	0	0	-121
F	CCTE	5,052	II 2008	Dollar	C	Dollar Purchase	5,052	0	0	0	0	-110
F	CCTE	5,059	II 2008	Dollar	C	Dollar Purchase	5,059	0	0	0	0	17
F	CCTE	5,057	II 2008	Dollar	C	Dollar Purchase	5,057	0	0	0	0	-9
F	CCTE	10,110	II 2008	Dollar	C	Dollar Purchase	10,110	0	0	0	0	-394
F	CCTE	5,061	II 2008	Dollar	C	Dollar Purchase	5,061	0	0	0	0	-78
F	CCTE	40,000	II 2008	Dollar	C	Dollar Purchase	40,000	0	0	0	0	-1,188
F	CCTE	5,000	II 2008	Dollar	C	Dollar Purchase	5,000	0	0	0	0	-154
F	CCTE	5,000	II 2008	Dollar	C	Dollar Purchase	5,000	0	0	0	0	-133

27. Contingencies and Restrictions

a) Lawsuits

Lawsuits are presented in attached electronic datasheet Note_27.200803C.89862200.xls.

b) Guarantees, Other Contingencies and Commitments

Other contingencies are presented in attached electronic datasheet Note_27.200803C.89862200.xls.

b.1) Aircraft Leases:

Lessor	Type of Aircraft	Quantity
ADL Leasing LLC	737	5
International Lease Finance Corporation	767	8
CIT Aerospace International	767	1
Celestial Aviation Trading 35 Limited	767	1
Celestial Aviation Trading 16 Limited	767	1
Nordea Finance Sweden PLC	767	1
ACS 2007-1 Limited	767	1
Celestial Aviation Trading 39 Limited (1)	777	2
International Lease Finance Corporation (2)	787	6
TAF Mercury Lease Limited	A319	1
TAF Venus Lease Limited	A319	1
M-One Wisteria Lease Co., Limited	A319	1
MLD T.I.S. Co., Limited	A319	1
C.B.L. Inc.	A319	1
Bi Opal Lease Co., Limited	A320	3
IA Crane Limited	A320	1
IA Hawk Limited	A320	1
IA Hummingbird Limited	A320	1
IA Lark Limited	A320	1
Intercontinental Commuter Lease Co., Limited	A320	1
Orix Aviation System Limited	A320	2
Wells Fargo Bank Northwestern, N.A.	A320	1
IA Cormorant Limited	A340	1
IA Sparrow Limited	A340	1
Bi Opal Lease Co., Limited	A340	1
IA Mariners Lease Co., Limited	A340	1
Air Canada	A340	1
Total		47

- (1) This refers to two Boeing 777 freighter under an agreement signed with Celestial Aviation Trading 39 Limited on April 30, 2007. They will be received in January and February 2009.

- (2) Six Boeing 787 Dreamliner aircraft, under a contract signed with International Lease Finance Corporation (ILFC) on August 16, 2007. They will be delivered in April, June, November and December 2011, May 2012 and September 2013.

The annual rent committed under aircraft and engine leases amounts to:

MUS\$ 110,065	2008
MUS\$ 151,337	2009
MUS\$ 137,154	2010
MUS\$ 152,140	2011
MUS\$ 179,471	2012
MUS\$ 140,332	2013
MUS\$ 500,515	2014 and thereafter

b.2) Commitments

Airbus

On August 12, 1999, a long-range aircraft purchase agreement with Airbus Industrie (now Airbus S.A.S.) was signed. This agreement contemplates the acquisition of 7 A340-300 aircraft. As of this date, 4 aircraft have been received and the three remaining aircraft have been paid (2 aircraft in March 2007).

On October 4, 2005, the Parent Company signed an amendment to the aircraft purchase agreement with Airbus S.A.S. dated March 20, 1998, in which new aircraft would be purchased in the A320 family, i.e., models A320, A319 and A318. By virtue of this new amendment, a total of 32 Airbus aircraft in the A320 family will be purchased in 2006, 2007, 2008 and 2009, with a purchase option for 15 more aircraft. The total value amounts to approximately MUS\$960,000.

On March 6, 2007, the Parent Company exercised the right to acquire 15 Airbus aircraft in the A320 family to be delivered between 2010 and 2011. The total value of such transaction amounted to approximately MUS\$600,000.

As of December 31, 2008, as a result of the different purchase agreements with Airbus S.A.S., 30 Airbus aircraft in the A320 family are pending delivery from 2008 to 2011.

Boeing

On April 20, 2004, Lan Airlines S.A. signed an agreement with The Boeing Company for the purchase of two 767-300F aircraft that were delivered in July and November 2005.

On November 11, 2004, the Parent Company signed an agreement with The Boeing Company for the purchase of four 767-300 aircraft, either cargo or passenger planes, indistinctively. These aircraft were received in 2006.

On April 28, 2005, the Parent Company signed an agreement with The Boeing Company for the purchase of three 767-300 aircraft, either cargo or passenger planes, indistinctively. The deliveries are scheduled for 2006 and 2007.

On July 20, 2005, the Parent Company signed an agreement with The Boeing Company for the purchase of three 767-300 aircraft; one of them to be for passenger carriage and the other two for passenger and

cargo, indistinctively. One aircraft was delivered in 2007 and the two remaining aircraft are scheduled for 2008.

On March 31, 2006, the Parent Company signed an agreement with The Boeing Company for the purchase of three 767-300 aircraft. The deliveries are scheduled for 2008.

On December 14, 2006, the Parent Company signed an agreement with The Boeing Company for the purchase of three 767-300 aircraft. The deliveries are scheduled for 2009.

As of July 3, 2007, the Parent Company signed a purchase agreement with The Boeing Company for 2 777-Freighter aircraft. Delivery is scheduled for 2011 and 2012.

On October 29, 2007, the Parent Company signed a contract with The Boeing Company to purchase 26 787 passenger Dreamliners, including an option to purchase 15 additional aircraft. The delivery is scheduled for the period 2012 to 2016.

As of March 31, 2008, 8 767-300 aircraft, 2 777-Freighter aircraft and 26 787 Dreamliners are pending delivery under the different purchase agreements with The Boeing Company described above out of a total of 18 767-300 aircraft, 2 777-Freighter aircraft and 26 787 Dreamliners for a price of approximately MUS\$4,000,000.

c) Restrictions

c.1) In relation to the diverse agreements entered into by Lan Airlines S.A. in order to finance Boeing 767 aircraft with the guarantee of Export-Import Bank of the United States of America, limitations have been established regarding some financial indicators of the Parent Company on a consolidated basis. Furthermore, and in relation to these agreements, restrictions have been established on the Company's management with respect to share composition and asset disposition. Moreover, in relation to the diverse agreements entered into by the subsidiary Lan Cargo S.A. in order to finance Boeing 767 aircraft with the guarantee of Export-Import Bank of the United States of America, limitations have been established on the Company's management and the management of its subsidiary Lan Cargo S.A. with respect to share composition and asset disposition.

c.2) In relation to the securitization agreements entered into with Pelican Finance Ltd. in August 2002, restrictions have been established on the Parent Company's management so as to have Accounts Receivable similar to those conveyed.

c.3) In relation to the diverse agreements entered into by Lan Airlines S.A. in order to finance Airbus A320 aircraft with the guarantee of Export Credit Agencias Europeas, limitations have been established regarding some financial indicators of the Company. Furthermore, and in relation to these agreements, restrictions have been established on the Company's management with respect to share composition and asset disposition.

27. Contingencies and Restrictions Lawsuits

a) Lawsuits

Company	Court	Case Number	Origin	Stage of process and instance	Amounts Committed MUS\$
Atlantic Aviation Investments LLC	Supreme Court of the State of New York, County of New York	07-6022920	Atlantic Aviation Investments LLC, a subsidiary of Lan Airlines organized under the laws of the State of Delaware sued Varig Logistica, S.A. ("Varilog") for failure to pay four loans set down in loans agreement governed by the law of New York. Such agreements stipulate the acceleration of the loans in case of sale of the original debtor, VRG Linhas Aereas S.A.	Evidentiary period. The court rejected the motion Varilog to dismiss the claim filed by Atlantic Aviation Investments LLC. The attachment by Atlantic Aviation Investments LLC of a Variglog bank account in Switzerland continues in effect.	17,100
Aerolinhas Brasileiras S.A.	Ministry of Finance of the State of Rio de Janeiro	2003	The administrative authority of Rio de Janeiro, Brazil, notified a breach or fine for failure to pay VAT (ICMS) in relation to the import of the B-767 aircraft, license PR-ABB.	The resolution of the Review Board voiding the fine is pending.	3,000
Lan Cargo S.A.	Civil Court of Asuncion, Paraguay	78-362	Damage compensation claim filed by its former General Agent in Paraguay.	An appeal is pending against the resolution that dismissed one of the motions for obvious inaction, made by the respondent's attorneys.	499
Lan Cargo S.A. Lan Airlines S.A.	4 th Civil Court of Santiago, Chile	4831-97	Damage compensation claim filed by Aerovias DAP/Alex and Andres Pivcevic R.	The appeal filed by the plaintiff against the decision sustaining the motions on incidental compliance filed by the respondents and the appeals filed by the parties against the settlement of the credit are pending decision by the Court of Appeals.	181
Lan Airlines S.A.	8 th Labor Court, Santiago, Chile	332-2007	Claim filed by the Workers Union of Segaer S.A. where Lan Airlines S.A. was sued for failure to pay the bonuses corresponding to 2003, 2004 and 2005.	Decision	Undetermined
Lan Airlines S.A. Lan Cargo S.A.	U.S Justice Department, European Commission, Canada and New Zeland	--	Investigation of alleged antitrust practice of cargo airlines, in particular of the fuel surcharge. On December 26, 2007, the General Antitrust Agency of the European Commission notified Lan Cargo S.A. of the process against 25 cargo airlines, including Lan Cargo S.A., for alleged antitrust breaches on the European aviation cargo market, specially for the fuel and freight surcharges. It is not possible to predict the outcome of this process based on the current status and information provided by outside counsel.	Investigation pending.	Undetermined
Lan Cargo S.A. Lan Airlines S.A.	Court with class action jurisdiction	--	As a result of the investigation of alleged antitrust practice of cargo airlines, in particular the fuel surcharge.	Class actions have been filed.	Undetermined
Aerolinhas Brasileiras S.A. Lan Airlines S.A.	U.S. Justice Department	--	Investigation of alleged antitrust practice of cargo airlines, in particular the fuel surcharge.	Investigation pending.	Undetermined

As of March 31, 2008, the Company has considered that there is no need to establish provisions for these cases given the stage of the process and/or the unlikelihood of an adverse ruling. Nonetheless, a provision of MUS\$25,000 was established for the case before the European Commission, notified on December 26, 2007.

27. Contingencies and Restrictions Other Contingencies

b) Other contingencies

	GUARANTIES			
<u>Guaranty in favor of</u>	<u>Debtor Name</u>	<u>Type</u>	<u>Book Value</u>	<u>Release Date</u>
			MUS\$	
United Technologies International Corporation, Pratt & Whitney Division	Lan Airlines S.A.	Two letters of Credit	15,000	30-August-08
Orix Aviation System Limited	Lan Airlines S.A.	Two letters of credit	6,520	31-July-2008
GE Commercial Aviation Services Limited	Lan Cargo S.A.	Two letters of Credit	5,060	30-June-08
Government of Chile (Customs)	Lan Airlines S.A.	26 Bills in Guarantee	4,991	30-June-08
TAF Venus Lease Limited	Lan Airlines S.A.	Letter of Credit	4,000	11-December-08
TAF Mercury Lease Limited	Lan Airlines S.A.	Letter of Credit	4,000	11-December-08
International Lease Finance Corporation	Lan Airlines S.A.	Eight letters of Credit	3,880	25-August-08
Celestial Aviation Trading 16 Limited	Lan Cargo S.A.	Two letters of Credit	3,500	25-April-09
JP Morgan Chase	Lan Airlines S.A.	Letter of Credit	3,465	30-August-08
CIT Aerospace International	Lan Airlines S.A.	Two letters of Credit	3,240	10-May-09
GE Capital Aviation Services Limited	Lan Airlines S.A.	Two letters of Credit	3,005	27-July-08
Celestial Aviation Trading 35 Limited	Lan Airlines S.A.	Letter of Credit	2,500	13-June-08
Washington International Insurance	Lan Airlines S.A.	Four letters of Credit	1,800	9-June-08
Air Canada	Lan Airlines S.A.	Letter of Credit	1,800	30-July-08
Metropolitan Dade County	Lan Airlines S.A.	Five letters of Credit	1,504	31-May-08
Atlas Air Inc.	Lan Airlines S.A.	Letter of Credit	1,500	7-October-08
Wells Fargo Bank Northwestern	Lan Airlines S.A.	Four letters of Credit	1,105	30-May-08

28. Third-Party Security

Third-Party Security are presented in the attached electronic spreadsheet Note_28.200803C.89862200.xls.

28. Third-Party Security

Type of guarantee	Granted by	Type of transaction	Type of relationship	Amount	
				2008 MUS\$	2007 MUS\$
Two letters of credit	Aerovias de Mexico S.A.	Aircraft lease	Client	2,620	2,620

29. Local and Foreign Currency
Assets

LINE	CURRENCY	AMOUNT	
		03/31/2008	03/31/2007
Current Assets			
CASH	NON-ADJUSTABLE PESOS	4,120	1,503
CASH	DOLLAR	3,702	2,481
CASH	ARGENTINE PESO	1,094	1,039
CASH	BRAZILIAN REAL	621	483
CASH	EURO	479	758
CASH	OTHER CURRENCIES	1,107	1,496
TIME DEPOSITS	DOLLAR	95,717	40,196
TIME DEPOSITS	ADJUSTABLE PESOS	78,727	15,042
TIME DEPOSITS	OTHER CURRENCIES	30,672	13,516
MARKETABLE SECURITIES	DOLLAR	97,230	77,835
MARKETABLE SECURITIES	ADJUSTABLE PESOS	18,553	1,896
MARKETABLE SECURITIES	EURO	1,468	801
MARKETABLE SECURITIES	ARGENTINE PESO	304	2,678
MARKETABLE SECURITIES	OTHER CURRENCIES	1,483	0
SALES RECEIVABLES	DOLLAR	193,117	143,858
SALES RECEIVABLES	NON-ADJUSTABLE PESOS	50,864	38,836
SALES RECEIVABLES	EURO	15,179	14,970
SALES RECEIVABLES	ARGENTINE PESO	13,875	14,047
SALES RECEIVABLES	BRAZILIAN REAL	12,766	12,817
SALES RECEIVABLES	AUSTRALIAN DOLLAR	5,383	3,288
SALES RECEIVABLES	COLOMBIAN PESO	3,615	3,127
SALES RECEIVABLES	OTHER CURRENCIES	14,459	8,887
NOTES RECEIVABLE	NON-ADJUSTABLE PESOS	2,563	3,867
NOTES RECEIVABLE	EURO	435	351
NOTES RECEIVABLE	BRAZILIAN REAL	187	183
NOTES RECEIVABLE	ARGENTINE PESO	153	113
NOTES RECEIVABLE	DOLLAR	31	58
NOTES RECEIVABLE	OTHER CURRENCIES	236	348
SUNDRY RECEIVABLES	DOLLAR	187,343	132,642
SUNDRY RECEIVABLES	NON-ADJUSTABLE PESOS	5,358	3,867
SUNDRY RECEIVABLES	ADJUSTABLE PESOS	3,482	2,944
SUNDRY RECEIVABLES	EURO	1,339	832
SUNDRY RECEIVABLES	BRAZILIAN REAL	1,148	2,080
SUNDRY RECEIVABLES	NEW SOL	1,042	673

SUNDRY RECEIVABLES	ARGENTINE PESO	551	3,767
SUNDRY RECEIVABLES	COLOMBIAN PESO	480	226
SUNDRY RECEIVABLES	OTHER CURRENCIES	1,561	564
INTERCOMPANY NOTES AND ACCOUNTS RECEIVABLE	DOLLAR	195	1,376
INTERCOMPANY NOTES AND ACCOUNTS RECEIVABLE	NON-ADJUSTABLE PESOS	127	5,029
INTERCOMPANY NOTES AND ACCOUNTS RECEIVABLE	ADJUSTABLE PESOS	0	55
INVENTORIES	DOLLAR	58,782	53,450
INVENTORIES	OTHER CURRENCIES	385	65
RECOVERABLE TAXES	DOLLAR	32,058	9,115
RECOVERABLE TAXES	ADJUSTABLE PESOS	13,037	8,448
RECOVERABLE TAXES	ARGENTINE PESO	13,477	10,322
RECOVERABLE TAXES	MEXICAN PESO	10,585	5,702
RECOVERABLE TAXES	BRAZILIAN REAL	3,229	2,195
RECOVERABLE TAXES	OTHER CURRENCIES	11,988	2,462
PREPAID EXPENSES	DOLLAR	26,679	21,033
PREPAID EXPENSES	NON-ADJUSTABLE PESOS	154	1,835
PREPAID EXPENSES	OTHER CURRENCIES	617	389
DEFERRED TAXES	DOLLAR	4,360	5,917
DEFERRED TAXES	NEW SOL	2,033	744
DEFERRED TAXES	MEXICAN PESO	454	1,028
DEFERRED TAXES	ADJUSTABLE PESOS	357	285
OTHER CURRENT ASSETS	DOLLAR	14,708	23,317
OTHER CURRENT ASSETS	EURO	308	231
OTHER CURRENT ASSETS	NON-ADJUSTABLE PESOS	168	135
OTHER CURRENT ASSETS	OTHER CURRENCIES	1,080	295
Property, plant and equipment			
LAND	DOLLAR	10,739	10,739
LAND	NEW SOL	3,689	0
BUILDINGS & INFRASTRUCTURE	DOLLAR	66,527	67,428
BUILDINGS & INFRASTRUCTURE	ADJUSTABLE PESOS	2,749	4,025
BUILDINGS & INFRASTRUCTURE	BRAZILIAN REAL	776	506
BUILDINGS & INFRASTRUCTURE	MEXICAN PESO	396	750
BUILDINGS & INFRASTRUCTURE	OTHER CURRENCIES	3,374	3,121
MACHINERY AND EQUIPMENT	DOLLAR	1,881,114	881,186
MACHINERY AND EQUIPMENT	NEW SOL	1,752	1,439
MACHINERY AND EQUIPMENT	ARGENTINE PESO	1,480	1,547
MACHINERY AND EQUIPMENT	ADJUSTABLE PESOS	754	693
MACHINERY AND EQUIPMENT	BRAZILIAN REAL	424	300

MACHINERY AND EQUIPMENT	MEXICAN PESO	126	353
MACHINERY AND EQUIPMENT	OTHER CURRENCIES	40	41
OTHER FIXED ASSETS	DOLLAR	412,391	871,139
OTHER FIXED ASSETS	NEW SOL	491	507
OTHER FIXED ASSETS	ADJUSTABLE PESOS	128	199
OTHER FIXED ASSETS	BRAZILIAN REAL	106	0
OTHER FIXED ASSETS	OTHER CURRENCIES	688	595
Other assets			
INVESTMENTS IN RELATED COMPANIES	NON-ADJUSTABLE PESOS	1,740	1,620
INVESTMENTS IN RELATED COMPANIES	DOLLAR	0	150
INVESTMENTS IN OTHER COMPANIES	ADJUSTABLE PESOS	1,489	1,117
INVESTMENTS IN OTHER COMPANIES	DOLLAR	506	506
GOODWILL	DOLLAR	34,155	42,083
GOODWILL	ARGENTINE PESO	558	603
NEGATIVE GOODWILL	DOLLAR	0	-71
LONG-TERM RECEIVABLES	DOLLAR	9,366	2,479
LONG-TERM RECEIVABLES	ADJUSTABLE PESOS	3,718	2,797
LONG-TERM RECEIVABLES	MEXICAN PESO	130	0
L/T INTERCOMPANY NOTES AND ACCOUNTS RECEIVABLE	DOLLAR	0	78
INTANGIBLES	DOLLAR	26,697	21,964
INTANGIBLES	NON-ADJUSTABLE PESOS	1	940
OTHER	DOLLAR	428,415	334,806
OTHER	ARGENTINE PESO	605	703
OTHER	ADJUSTABLE PESOS	90	68
OTHER	NON-ADJUSTABLE PESOS	29	212
OTHER	OTHER CURRENCIES	487	111
Total Assets			
-	NON-ADJUSTABLE PESOS	65,124	57,844
-	DOLLAR	3,583,832	2,743,765
-	ARGENTINE PESO	32,097	34,819
-	BRAZILIAN REAL	19,257	18,564
-	EURO	19,208	17,943
-	OTHER CURRENCIES	68,177	31,890
-	ADJUSTABLE PESOS	123,084	37,569
-	AUSTRALIAN DOLLAR	5,383	3,288
-	COLOMBIAN PESO	4,095	3,353

-	NEW SOL	9,007	3,363
-	MEXICAN PESO	11,691	7,833

29. National and Foreign Currency
Current Liabilities

LINE	CURRENCY	OUT TO 90 DAYS				90 DAYS TO ONE YEAR			
		03/31/2008		03/31/2007		03/31/2008		03/31/2007	
		AMOUNT	AVERAGE ANNUAL INTEREST RATE	AMOUNT	AVERAGE ANNUAL INTEREST RATE	AMOUNT	AVERAGE ANNUAL INTEREST RATE	AMOUNT	AVERAGE ANNUAL INTEREST RATE
S/T BANK DEBT	DOLLAR	0	0	20,080	L+0.1800%	0	0	0	0
S/T BANK DEBT	ARGENTINE PESO	0	0	8,880	11.80%	0	0	0	0
S/T PORTION OF L/T BANK DEBT	DOLLAR	31,544	L+1.8935%	22,817	5.2874%	74,309	L+1.8935%	51,444	5.2874%
L/T DEBT TO EXPIRE IN ONE YEAR	DOLLAR	16,627	L+1.1030%	16,643	5.6336%	45,368	L+1.1030%	43,258	5.6336%
L/T DEBT TO EXPIRE IN ONE YEAR	DOLLAR	3,178	6.96%	2,966	6.96%	9,871	6.96%	9,213	6.96%
DIVIDENDS PAYABLE	DOLLAR	279	0	0	0	0	0	2	0
DIVIDENDS PAYABLE	ADJUSTABLE PESOS	0	0	110	0	0	0	0	0
ACCOUNTS PAYABLE	DOLLAR	151,134	0	96,087	0	91,375	0	90,715	0
ACCOUNTS PAYABLE	NON-ADJUSTABLE PESOS	29,572	0	30,494	0	10,206	0	3,889	0
ACCOUNTS PAYABLE	ARGENTINE PESO	10,174	0	11,599	0	1,074	0	525	0
ACCOUNTS PAYABLE	MEXICAN PESO	5,177	0	4,098	0	157	0	42	0
ACCOUNTS PAYABLE	EURO	4,875	0	2,827	0	2,706	0	1,049	0
ACCOUNTS PAYABLE	BRAZILIAN REAL	4,753	0	893	0	7,962	0	3,162	0
ACCOUNTS PAYABLE	NEW SOL	617	0	0	0	11,176	0	0	0
ACCOUNTS PAYABLE	ADJUSTABLE PESOS	363	0	119	0	66	0	102	0
ACCOUNTS PAYABLE	OTHER CURRENCIES	9,325	0	2,280	0	2,492	0	6,116	0
INTERCOMPANY NOTES AND ACCOUNTS PAYABLE	ADJUSTABLE PESOS	146	0	74	0	0	0	0	0
INTERCOMPANY NOTES AND ACCOUNTS PAYABLE	DOLLAR	53	0	0	0	0	0	0	0
PROVISIONS	DOLLAR	22,613	0	40,312	0	57,400	0	29,902	0
PROVISIONS	NON-ADJUSTABLE PESOS	3,337	0	2,141	0	7,015	0	5,660	0
PROVISIONS	ARGENTINE PESO	389	0	0	0	0	0	0	0
PROVISIONS	BRAZILIAN REAL	0	0	0	0	1,833	0	0	0
PROVISIONS	NEW SOL	0	0	0	0	4,940	0	0	0
PROVISIONS	OTHER CURRENCIES	1,204	0	1,660	0	317	0	1,282	0
WITHHOLDINGS	DOLLAR	41,698	0	34,341	0	2,670	0	4,155	0
WITHHOLDINGS	NON-ADJUSTABLE PESOS	15,601	0	12,684	0	216	0	323	0
WITHHOLDINGS	ARGENTINE PESO	1,861	0	334	0	0	0	0	0
WITHHOLDINGS	ADJUSTABLE PESOS	17	0	13	0	0	0	0	0
WITHHOLDINGS	BRAZILIAN REAL	0	0	0	0	761	0	481	0
WITHHOLDINGS	OTHER CURRENCIES	849	0	384	0	0	0	0	0
INCOME TAX	DOLLAR	11,224	0	776	0	33	0	4,299	0
INCOME TAX	NON-ADJUSTABLE PESOS	351	0	255	0	29	0	332	0
INCOME TAX	NEW SOL	214	0	185	0	0	0	0	0
INCOME TAX	AUSTRALIAN DOLLAR	0	0	0	0	0	0	417	0
INCOME TAX	MEXICAN PESO	0	0	80	0	0	0	0	0
INCOME TAX	OTHER CURRENCIES	16	0	0	0	0	0	0	0
PREPAID INCOME	DOLLAR	240,789	0	176,253	0	53,165	0	52,385	0
PREPAID INCOME	OTHER CURRENCIES	365	0	545	0	0	0	0	0
OTHER CURRENT LIABILITIES	DOLLAR	387	0	4,356	0	520	0	11,269	0
OTHER CURRENT LIABILITIES	NON-ADJUSTABLE PESOS	134	0	5	0	1	0	91	0
OTHER CURRENT LIABILITIES	NEW SOL	0	0	0	0	3	0	3	0
OTHER CURRENT LIABILITIES	OTHER CURRENCIES	41	0	43	0	0	0	0	0
Total Current Liabilities									
--	DOLLAR	519,526	--	414,631	--	334,711	--	296,642	--
--	ARGENTINE PESO	12,424	--	20,813	--	1,074	--	525	--
--	ADJUSTABLE PESOS	526	--	316	--	66	--	102	--
--	NON-ADJUSTABLE PESOS	48,995	--	45,579	--	17,467	--	10,295	--
--	MEXICAN PESO	5,177	--	4,178	--	157	--	42	--
--	EURO	4,875	--	2,827	--	2,706	--	1,049	--
--	BRAZILIAN REAL	4,753	--	893	--	10,556	--	3,643	--
--	NEW SOL	831	--	185	--	16,119	--	3	--
--	OTHER CURRENCIES	11,800	--	4,912	--	2,809	--	7,398	--
--	AUSTRALIAN DOLLAR	0	--	0	--	0	--	417	--

29. Local and Foreign Currency
Long-term liabilities (current period) as of 03/31/2008

LINE	CURRENCY	1 TO 3 YEARS		3 TO 5 YEARS		5 TO 10 YEARS		MORE THAN 10 YEARS	
		AMOUNT	AVERAGE ANNUAL INTEREST RATE	AMOUNT	AVERAGE ANNUAL INTEREST RATE	AMOUNT	AVERAGE ANNUAL INTEREST RATE	AMOUNT	AVERAGE ANNUAL INTEREST RATE
BANK DEBT	DOLLAR	303,685	L+1.8935%	231,267	L+1.8935%	579,323	L+1.8935%	132,994	L+1.8935%
LONG-TERM PROVISIONS	DOLLAR	68,254	0	22,076	0	7,217	0	0	0
LONG-TERM PROVISIONS	NON-ADJUSTABLE PESOS	6,258	0	144	0	44	0	0	0
LONG-TERM PROVISIONS	BRAZILIAN REAL	914	0	0	0	0	0	0	0
LONG-TERM PROVISIONS	NEW SOL	331	0	0	0	0	0	0	0
LONG-TERM PROVISIONS	OTHER CURRENCIES	95	0	0	0	0	0	0	0
LONG-TERM DEFERRED TAXES	DOLLAR	5,509	0	0	0	0	0	177,605	0
OTHER LONG-TERM LIABILITIES	DOLLAR	110,446	L+1.1030%	55,495	L+1.1030%	37,245	L+1.1030%	17,172	L+1.1030%
OTHER LONG-TERM LIABILITIES	DOLLAR	50,463	0	21,632	0	9,356	0	87	0
OTHER LONG-TERM LIABILITIES	DOLLAR	3,405	6.96%	0	0	0	0	0	0
OTHER LONG-TERM LIABILITIES	NON-ADJUSTABLE PESOS	5	0	0	0	0	0	0	0
OTHER LONG-TERM LIABILITIES	OTHER CURRENCIES	220	0	0	0	0	0	0	0
Total long-term liabilities									
--	DOLLAR	541,762	--	330,470	--	651,141	--	327,858	--
--	NON-ADJUSTABLE PESOS	6,263	--	144	--	44	--	0	--
--	BRAZILIAN REAL	914	--	0	--	0	--	0	--
--	NEW SOL	331	--	0	--	0	--	0	--
--	OTHER CURRENCIES	315	--	0	--	0	--	0	--

29. Local and Foreign Currency
Long-term liabilities (previous period) as of 03/31/2007

LINE	CURRENCY	1 TO 3 YEARS		3 TO 5 YEARS		5 TO 10 YEARS		MORE THAN 10 YEARS	
		AMOUNT	AVERAGE ANNUAL INTEREST RATE	AMOUNT	AVERAGE ANNUAL INTEREST RATE	AMOUNT	AVERAGE ANNUAL INTEREST RATE	AMOUNT	AVERAGE ANNUAL INTEREST RATE
BANK DEBT	DOLLAR	235,634	5.2874%	159,375	5.2874%	405,744	5.2874%	126,816	5.2874%
L/T SUNDRY PAYABLES	DOLLAR	523	0	0	0	0	0	0	0
LONG-TERM PROVISIONS	DOLLAR	19,342	0	13,594	0	10,755	0	0	0
LONG-TERM PROVISIONS	NON-ADJUSTABLE PESOS	5,209	0	110	0	31	0	0	0
LONG-TERM PROVISIONS	BRAZILIAN REAL	1,145	0	0	0	0	0	0	0
LONG-TERM PROVISIONS	NEW SOL	413	0	0	0	0	0	0	0
LONG-TERM PROVISIONS	ARGENTINE PESO	235	0	0	0	0	0	0	0
LONG-TERM PROVISIONS	OTHER CURRENCIES	140	0	0	0	0	0	0	0
LONG-TERM DEFERRED TAXES	DOLLAR	1,727	0	0	0	0	0	134,657	0
LONG-TERM DEFERRED TAXES	NON-ADJUSTABLE PESOS	352	0	0	0	0	0	0	0
OTHER LONG-TERM LIABILITIES	DOLLAR	123,326	5.6336%	80,159	5.6336%	47,224	5.6336%	22,939	5.6336%
OTHER LONG-TERM LIABILITIES	DOLLAR	16,454	6.96%	0	0	0	0	0	0
OTHER LONG-TERM LIABILITIES	DOLLAR	16,041	0	6,594	0	501	0	0	0
OTHER LONG-TERM LIABILITIES	OTHER CURRENCIES	2	0	0	0	11	0	0	0
Total long-term liabilities									
--	DOLLAR	413,047	--	259,722	--	464,224	--	284,412	--
--	NON-ADJUSTABLE PESOS	5,561	--	110	--	31	--	0	--
--	BRAZILIAN REAL	1,145	--	0	--	0	--	0	--
--	NEW SOL	413	--	0	--	0	--	0	--
--	ARGENTINE PESO	235	--	0	--	0	--	0	--
--	OTHER CURRENCIES	142	--	0	--	11	--	0	--

30. Sanctions

a) By the Superintendency of Securities and Insurance

By Exempt Resolutions Nos. 306 and 307, both dated July 6, 2007, the Superintendency applied a fine of 19,470 Unidades de Fomento to Mr. Sebastian Piñera Echenique and of 1,620 Uniades de Fomento to Mr. Juan Jose Cueto Plaza, both directors of Lan Airlines S.A., since the Superintendency concluded that the purchase of shares in Lan Airlines S.A. knowing the Financial Statements as of June 30, 2006 and prior to publication of those Financial Statements is a breach of the final part of subparagraph first of article 165 of Law 18,045. The Superintendency reported that it discarded the use of privileged information since it was proven that knowing that information did not generate such transactions.

b) By other administrative authorities

On June 21, 2007, Lan Airlines S.A. and Lan Cargo S.A. were fined by the Antitrust Court, at the motion of the National Economic Prosecutor, in case number C-94-06. Each had to pay a fine of 165 annual tax units.

No other significant sanctions have been applied to the Parent Company and its subsidiaries by other administrative authorities as of March 31, 2008 and 2007.

31. Subsequent Events

a) We can mention the following event that occurred in the period from March 31, 2008 to the date of issuance of these Financial Statements:

The Regular Shareholders Meeting of the Parent Company, held April 10, 2008, approved the distribution of final dividends on account of 2007 fiscal year profits in the amount of US\$0.63705 per share. The interim dividends of US\$0.26596 (paid in August 2007) and US\$0.35389 (paid in January 2008) per share were imputed toward such amount. An amount equal to US\$0.01720 per share was pending payment, which will be paid starting May 8, 2008. All shareholders who are registered as shareholders on the fifth business day prior to such date will be entitled to receive this dividend.

b) From March 31, 2008 to the date of issuance of these Financial Statements, there is no knowledge of any other events of a financial or any other nature that could have a material effect on the balances or interpretation of these financial statements.

32. The Environment

There are no provisions affecting the air transportation industry in the Environmental Framework Law and complementary regulations.

33. Prepaid Expenses

This line breaks down as follows:

	2008	2007
	MUS\$	MUS\$
Aviation insurance and other insurance	16,113	12,289
Plane lease (1)	5,009	5,567
Plane re-delivery (2)	3,052	2,762
Unused advertising	1,411	774
Offices abroad	453	452
Other	1,412	1,413
Total	27,450	23,257

(1) The plane lease corresponds to sums prepaid to lessors, which will be charged against operating income once they are accrued.

(2) Plane re-delivery includes all those costs incurred by the Parent Company and its subsidiaries upon delivery of an aircraft in order to put it into operating condition. Those costs are not recoverable and they are deferred against operating income in the terms established in the respective agreements.

34. ACCOUNTS PAYABLE

This line breaks down as follows:

	2008 MUS\$	2007 MUS\$
Fuel	111,137	63,735
Technical purchases	32,963	14,945
Airport and overflight fees	27,372	25,794
Handling and ground handling	20,496	19,591
Goal performance of agencies	19,121	14,815
Plane and engine leases	14,586	10,017
Aviation insurance and other insurance	14,598	10,529
Professional assistance and services	14,245	7,785
On-board services	12,193	11,112
Advertising	10,317	8,290
Crew	9,639	9,818
Communications	3,472	1,511
General maintenance	2,272	1,598
Distribution systems	2,241	13,235
Materials and maintenance services	688	1,307
Other suppliers	47,864	39,915
Total	343,204	253,997

MATERIAL EVENTS

The following material events were reported to the Superintendency of Securities and Insurance and to Stock Exchanges:

1. On April 10, 2008, the material event was reported that at the Regular Shareholders Meeting of Lan Airlines S.A., held on the same date, the new directors of the Company were elected.

The new Board of Directors of Lan Airlines S.A. is comprised as follows:

1. Andres Navarro Haeussler,
2. Bernardo Fontaine Talavera,
3. Dario Calderon Gonzalez,
4. Ignacio Guerrero Gutierrez,
5. Jorge Awad Mehech,
6. Jose Cox Donoso,
7. Juan Cueto Sierra,
8. Juan Jose Cueto Plaza and
9. Ramon Eblen Kadis.

2. On April 10, 2008, the material event was reported that according to governing rules, especially Circular No. 660 of the Superintendency of Securities and Insurance, at its regular shareholders meeting held April 10, 2008, the Board of Lan Airlines S.A. approved payment of a final dividend of 0.01720 per share on account of profits from the 2007 fiscal year, which will be paid starting May 8, 2008. All shareholders who are shareholders on the fifth business day prior to this date will be entitled to payment.

3. On February 27, 2008, it was reported that at the Regular Board Meeting held February 26, 2008, the Board of Lan Airlines S.A. agreed to convene a Regular Shareholders Meeting to be held on April 10, 2008, at 11:00 a.m., in order to decide on the following matters:

- a) Approval of the Annual Report, General Balance Sheet and Financial Statements of the Company corresponding to the fiscal year ending December 31, 2007;
- b) Approval of the distribution of a final dividend on account of profits from the 2007 fiscal year, imputing toward such amount the interim dividends of US\$0.26596, paid in August 2007, and US\$0.35389 per share, paid in January 2008;
- c) The election of the Board of the Company;
- d) The compensation of the Board for the 2008 fiscal year;
- e) The compensation of the Audit Committee and calculation of the budget for the 2008 fiscal year;

- f) Appointment of External Auditors, Appointment of Risk Rating Agencies; report on matters within the purview of article 44 of Companies Law No. 18,046;
- g) Information on costs for processing, printing and sending the information indicated in Circular No. 1494 of the Superintendency of Securities and Insurance; and
- h) Other matters of corporate interest inherent to the Regular Shareholders Meeting.

4. On December 27, 2007, the material event was reported, under article 9 and the second subparagraph of Article 10 of Law 18,045, that:

As the company reported in due course, the European Commission and the U.S. Department of Justice began a global investigation in February 2006 that involved a large number of international cargo airlines, including Lan Cargo S.A., because of a possible price-fixing in charging the fuel surcharge and other charges on the cargo market in Europe and the United States.

On December 26, 2007, the General Office of Competition of the European Commission notified Lan Cargo S.A. and Lan Airlines S.A. that a process was begun against 25 cargo airlines, including Lan Cargo S.A., because of infringements of fair competition on the air cargo market.

The Department of Justice is continuing this investigation in the United States.

Lan Airlines S.A. is studying the terms of the notification in order to take actions. It will present its defenses and provide the evidence it deems relevant to this end. Given the stage of the proceedings, it is not yet possible to predict an outcome.

5. On December 21, 2007, the material event was reported that according to governing rules, especially Circular No. 660 of the Superintendency of Securities and Insurance, at its regular meeting held December 21, 2007, the Board of Lan Airlines S.A. approved payment of an interim dividend of 0.35389 per share on account of profits from the 2007 fiscal year, which will be paid starting January 17, 2008. All shareholders who are shareholders on the fifth business day prior to this date will be entitled to payment.

6. On August 3, 2007, a material event was reported that Lan Airlines S.A. ("Lan") had decided to make a change in its American Depositary Receipt ("ADR") program, specifically in the number of Lan shares represented by each American Depositary Share ("ADS"). Each ADS now represents 5 Lan shares. After the proposed change, each ADS would represent 1 Lan share.

Lan has given the corresponding instructions to The Bank of New York, as ADR depository bank. According to the calendar prepared by such bank, save special circumstances that may change it but which are not foreseen at this time, the proposed change should be completed by August 16, 2007.

7. On July 31, 2007, it was reported that the Board of Lan Airlines S.A. approved the payment of an interim dividend of US\$0.26596 per share against 2007 fiscal year profits at the Regular Meeting held July 31, 2007. It was payable starting August 23, 2007 and all shareholders existing on the fifth business day prior to that date have the right to this dividend.

8. On July 31, 2007, the material event was reported that on July 30, 2007, the Chairman of the Board was notified of the resignation of Sebastian Piñera Echenique from his Directorship.

9. On July 12, 2007, the material event was reported that on that same date, the Board of Lan Airlines S.A. authorized the addition of 32 Boeing 787 aircraft to its long-range fleet, deliverable between 2011 and 2016. Of these 32 aircraft, 26 will be purchased and 6 leased. The investment will totally approximately US\$3,200 million. 10 purchase options were also approved for this same type of aircraft for 2017 and 2018.

10. On May 23, 2007, it was reported that on this date 1,574,132 new ADRs were issued, representing 7,870,660 shares of the Company, which were fully placed by Merrill Lynch & Co. among foreign investors, pursuant to the Underwriting Agreement executed on May 18, 2007 between Merrill Lynch & Co. and the Company (the "Underwriting Agreement").

Of these 7,870,660 shares, 6,184,130 shares corresponded to shares acquired in the placement process perfected through the stock exchange session called Auction of an Order Book on the Santiago Stock Exchange, Securities Exchange, held May 18, 2007. The remaining 1,686,530 shares correspond to the additional shares placed by Merrill Lynch & Co. among foreign investors exercising the purchase option granted in the Underwriting Agreement.

The placement price of the 7,870,660 shares of the Company destined to the ADR plan amounted to Ch\$8,401 per share.

11. On May 18, 2007, it was reported that at the Board of Directors Meeting held May 17, 2007, the Board unanimously agreed to the following:

a) To begin with the right of first refusal period for suscription of 19,881,819 cash shares as from May 18, 2007, by publication of the Notice pursuant to article 29 of the Companies Regulations, issued by the Company on account of the capital increase agreed upon at the Special Shareholders Meeting held April 5, 2007. Publication will be made in *La Tercera* newspaper.

b) To set the placement price of the shares to be offered preemptively to shareholders of the Company during the right of first refusal period in the amount of US\$16.11208 per share, payable in the equivalent in Chilean pesos at the Observed Dollar exchange rate published in the Official Gazette on May 18, 2007, i.e. Ch\$8,401 per share.

c) To proceed to place a total of 11,243,865 shares of the Company at a price pf US\$16.11208 per share on May 18, 2007, payable in the equivalent in Chilean pesos at the Observed Dollar exchange rate published in the Official Gazette on May 18, 2007, i.e. Ch\$8,401 per share, through the stock exchange session called Auction of an Order Book on the Stock

Exchange of Santiago, Securities Exchange, in accordance with the parameters of the share offer filed on May 15, 2007.

12. On May 9, 2007, a Press Release issued by TAM Linhas Aereas and TAM Mercosur, as one party, and the LAN alliance, comprised of LAN Airlines S.A., LAN Peru, LAN Argentina and LAN Ecuador, as the other, was sent in relation to business agreements.

13. On May 7, 2007, it was reported that the Consolidated Financial Statements were filed with the United States Securities and Exchange Commission.

14. On May 7, 2007, it was reported that FORM 20-F was filed with the United States Securities and Exchange Commission.

15. On May 7, 2007, it was reported that FORM F-3 was filed with the United States Securities and Exchange Commission.

16. On May 7, 2007, it was reported that FORM 6-K was filed with the United States Securities and Exchange Commission.

17. On April 10, 2007, it was reported that at the Regular Shareholders Meeting of Lan Airlines S.A. held April 5, 2007, the Board agreed to pay a final dividend of US\$0.16638 per share against 2006 fiscal year profits, which will be paid beginning April 25, 2007. All shareholders who are registered as shareholders on the fifth business day prior to such date will be entitled to receive this dividend.

EXPLANATORY ANALYSIS

A comparative analysis and explanation of the principal trends:

1. Consolidated General Balance Sheet

At the closing of the first quarter of 2008, total assets of the Parent Company and its subsidiaries had risen MUS\$980,724 compared to the same period in the previous year, equal, percentage-wise, to 33.1%.

Current assets of the Parent Company and subsidiaries rose by MUS\$339,728 (48.2%) compared to the same period in the previous year. The principal upward variations were in Cash, Time Deposits and Marketable Securities (109.9%), from funds obtained in the share placement by the Parent Company. Other lines that varied positively were: Sales Receivables (28.9%), Sundry Receivables (37.1%), and Recoverable Taxes (120.6%).

The liquidity ratio of the Parent Company and its subsidiaries increased 21.3%, going from 0.87 in 2007 to 1.05 in 2008. Current assets grew 48.2% while Current Liabilities grew only 22.1%. The acid-test ratio also varied upwards (71.9%), going from 0.20 in 2007 to 0.34 in 2008.

Property, plant and equipment, which totaled MUS\$2,387,744, increased a net 29.4% compared to the same period in the previous year when it was MUS\$1,844,568. This change is due mainly to the net effect between Other Fixed Assets and Machinery and Equipment as a result of the addition of seven Airbus A318 aircraft, two Airbus A320 aircraft and three Boeing 767 aircraft for passenger transport, spare engines and rotables to support fleet operation; the acquisition of computer equipment, ground support equipment, tools and the like; and to the increase in the Cumulative Depreciation resulting from the depreciation in the period.

Other assets increased from MUS\$410,166 in 2007 to MUS\$507,986 in 2008, equal to a rise of 23.8%. The main variation came from the increase in Long-Term Receivables (150.5%) and Others (27.9%) due to the increase in advances paid for the acquisition of aircraft and the decrease in goodwill (18.7%), mainly as a result of the sale of the LanLogistics, Corp. Group subsidiaries.

The current liabilities of the Parent Company and its subsidiaries rose MUS\$180,122 (22.1%), closing at MUS\$994,572 in this period of 2008. The variation is due mainly to the increase in Accounts Payable (35.1%), Provisions (22.3%), Prepaid Income (28.4%) and the Short-Term Portion of Long-Term Bank Debt (42.5%). The main reduction corresponded to Short-term Bank Debt (100%).

The short-term debt ratio of the Parent Company and its subsidiaries decreased 19.4%, going from 1.14 times in 2007 to 0.92 times in 2008, while its share as compared to total debt decreased by 4.0%, going from 36.3% in 2007 to 34.9% in 2008.

Long-term liabilities increased MUS\$430,189 (30.1%), to close at MUS\$1,859,242 in the first quarter of 2008. This variation mainly comes from the increase in Long-Term Provisions (106.6%) and Long-Term Bank Debt (36.4%) to finance the purchase of aircraft.

At the close of the first quarter of 2008, 96% of Long-Term Bank Debt of the Parent Company and its subsidiaries was accruing interest at a fixed rate, including forwards.

The long-term debt ratio of the Parent Company and its subsidiaries decreased 14.1%, going from 2.01 in 2007 to 1.72 in 2008, while its share compared to total debt increased 2.3%, going from 63.7% in 2007 to 65.1% in 2008.

The total debt-equity ratio of the Parent Company and its subsidiaries fell 16.0%, going from 3.15 in 2007 to 2.64 in 2008.

The variation in Equity is due mainly to the capital increase through the issuance of cash shares, 90% of which were subscribed and paid in; to the results obtained in the 2007 fiscal year and thus far in 2008, and to the payment of final dividends against 2006 fiscal year profits; and to the payment of interim dividends.

2. Consolidated Income Statement

The net profit as of March 31, 2008 totaled MUS\$91,090, which meant a variation of MUS\$5,001, equal to 5.8% as compared to the same period in the previous year. Operating profit was MUS\$124,219, an increase of 0.6% as compared to the same period in the previous fiscal year, equal to MUS\$748. This increase was due mainly to the increase in demand on the different markets in which the Company does business and the high cabin factors on passenger and cargo flights. Moreover, non-operating income increased MUS\$6,590 in the first quarter of 2008 as compared to the drop of MUS\$19,727 in the same period in the previous year.

Operating income rose 29.7% compared to the same period in 2007, to MUS\$1,077,891. This variation is due to the 29.0% rise in passenger revenues, 32.4% rise in cargo revenues, and 20.9% rise in other revenues.

The increase of MUS\$155,734 in passenger income, equal to a variation of 29.0%, was due mainly to the growth in international traffic, together with a solid competitive position and the opening of new routes. International traffic increased 17.2%, equal to approximately 336,000 passengers, thanks to the expansion of long-range routes, to the development of regional operations and to the increase of operations in other markets in the region, specially in Peru and Argentina.

Cargo revenues rose by 32.4% (MUS\$82,799) mainly because of the 10.3% rise in traffic. The leading markets making a difference in the increase in revenue were USA, Europe, Argentina and Peru.

Operating costs plus Selling, General and Administration Expenses totaled MUS\$953,672, which represents a cost increase of 34.7%, equal to MUS\$245,838, compared to the same period in the previous year. This is due mainly to an 9.0% increase in the passenger and cargo operations (measured in ATKs). The variation in the main concepts stems from the following:

- a) The cost of fuel increased MUS\$136,548, equal to 71.3%, compared to the same period in 2007. This cost increase is due mainly to the rise in the international price of fuel that led to additional operating costs of more than MUS\$114,334 and to the increase in consumption as a result of the growth in operations.
- b) Payroll Expenses rose 37.0%, equal to MUS\$41,196, in line with the growth in operations and in the exchange rate.
- c) Plane landing costs and other expenses climbed 18.1%, or MUS\$15,705. This increase in costs was mainly due to the increase in operations, reflected mainly by a rise in airport and overflight fees and handling costs.
- d) Maintenance costs rose MUS\$5,827, equal to 14.7%, due mainly to the increase in operations.
- e) Other Operating Expenses rose 20.9%, equal to MUS\$18,933. This rise mainly corresponded to an increase in operations, basically in the costs of reservations because of the increase in the number of passengers and in sales and marketing expenses.
- f) Depreciation and Amortization expenses increased 19.2%, totaling MUS\$43,790 in 2008, due mainly to the addition of seven A318, two A320 and three Boeing 767 aircraft to the fleet, partially offset by the retirement of one Boeing 737 aircraft.
- g) Fees increased MUS\$15,927, equal to 16.5%, mainly due to the increase in cargo fees because of the rise in operations.

Non-operating income rose by MUS\$6,590 in comparison to the loss of MUS\$19,727 in the same period in 2007, totaling a net loss of MUS\$13,137 thus far in 2008.

This effect occurred mainly in Other Non-Operating Expenses, which decreased by MUS\$4,682, or a variation of 89.8%, due to the increase in Other Non-Operating Income of MUS\$3,035, equal to 415.2%, and the increase in Exchange Differential amounting to MUS\$2,908, which was offset by the increase in Interest Expense of MUS\$2,935, equal to 16.1% and the decrease in Interest Income of MUS\$1,143, equal to a variation of 39.1%.

3. **Analysis and Explanation of the Consolidated Net Flow from Operation, Investment and Finance Activities**

The operating flow of the Parent Company and its subsidiaries decreased MUS\$5,504 compared to the same period in the previous fiscal year, mainly due to the net effect of the increase in the collection of Sales Receivables (49.3%) and the increase in Supplier Payments and Payroll (58.9%). The increase in Other Expenses Paid (98.9%) and Interest Paid (16.3%), paid mainly to financial institutions, also had a significant effect on this flow, which was partially offset by the increase in Income Received (343.2%).

The finance flow varied negatively by MUS\$35,899 as compared to the same period in the previous year, due mainly to the higher dividend payments (76.9%) made by the Parent Company and the increase in Loans Paid (20.6%), which were partially offset by the increase in Loans Obtained (47.2%).

The investment flow was MUS\$34,496 worse than in the same period of the previous year, due to the increase in the Addition of Fixed Assets (27.5%).

Finally, the net consolidated flow of the Parent Company and its subsidiaries during the first quarter of 2008 decreased by MUS\$75,899 compared to the same period in the previous fiscal year. The negative balance of the investment flow has been fully covered by the operating flow and the remainder by the balance available as of December 31, 2007.

4. **Market Risk Analysis**

Credit risk concentration

The Accounts Receivable of the Parent Company and its subsidiaries are comprised of a high percentage of airplane ticket sales and cargo services to individuals and several companies that are economically and geographically disperse. They are generally short term. Therefore, the Parent Company and its subsidiaries do not consider themselves to be exposed to a significant credit risk concentration.

Hedging instruments: Administration of fuel price risk

The variation in fuel prices depends significantly on oil supply and demand in the world, on the decisions adopted by the OPEC, on the world's refining capacity, on the inventory levels and on factors such as weather and politics. In order to reduce the risk of price variations to which the Parent Company and its subsidiaries might be exposed, it signed several fuel hedging agreements with different financial institutions for a part of the total estimated fuel consumption of the Parent Company and its subsidiaries for 2008. The agreements were (a) swaps, which allow a price to be set, (b) call options, which allow the price increase to be limited, and (c) the price collars, which allow a maximum and a minimum price to be set. In the swap, when the market price goes above the set level, the Parent Company receives the difference between both prices by the number of gallons of fuel stipulated in each agreement. Inversely, if the market price is below the set price, the Parent Company must pay the price differential. There are no costs associated with a

swap. In a call option, when the market price exceeds the level set, the Parent Company receives the difference between both prices by the number of gallons of fuel stipulated in the agreement. If the market price is below the set price, the Parent Company does not exercise the option. The price collar stipulates that if the market price is higher than the maximum price, the Parent Company receives the difference between the market price and the maximum price, multiplied by the amount of gallons of fuel stipulated in each agreement. If the market price is lower than the minimum price, the Parent Company must pay the price differential established. If the market price is between the maximum and minimum prices set, the Parent Company does not receive or pay.

The Parent Company received a net MUS\$1,463 under these agreements as of March 2008. The losses or earnings on these agreements are recognized as part of Non-operating income. As of March 31, 2008, the market value of the existing agreements was MUS\$27,412.

Hedging instruments: Administration of interest rate risk

The Parent Company signed interest rate swaps for the purpose of decreasing the risk of a rise in interest rates during the first half of 2001, the second half of 2005, and the first half of 2006. In the second half of 2003, all of 2004 and 2005, the Parent Company also signed call options. Together with the foregoing, the debt for 2006, 2007 and 2008 was mainly assumed at a fixed rate directly with the lending bank and, moreover, the interest rates were set in advance for the financing of 18 Airbus planes to be delivered between 2008 and 2010 and 8 Boeing 767-300 planes that will be delivered between 2008 and 2009 (please refer to Note 27: Contingencies and Restrictions). The purpose is to have a percentage of the debt at (i) a fixed rate (like for swaps), (ii) another percentage at a floating rate, but limited to a maximum (like the calls), together with (iii) limiting the interest rate exposure in future financing. Therefore, the Parent Company significantly decreases the risk of an increase in interest rates. In relation to such agreements, the Parent Company (i) pays, receives or (ii) only receives, as the case may be, the difference between the agreed fixed rate and the floating rate calculated on the unpaid principal of each agreement. The Parent Company recognized a cumulative loss of MUS\$1,346 on these agreements in the period. The losses and earnings on interest rate swaps together with the premiums and interest rate call earnings are recognized as a component of Interest Expense, based on the amortization of the hedged loan. As of March 31, 2008, the market value of the outstanding swaps, calls and pre-set interest rate agreements was MUS\$60,554. As of March 31, 2008, approximately 96% of the long-term debt is fixed under any of the aforesaid instruments.

Effects of exchange rate fluctuations

The functional currency of the Parent Company is the American dollar with respect to setting prices of its products, the composition of its balance sheet and effects on income from operations. It sells most of its services in American dollars or the equivalent and most of its expenses are denominated in American dollars or the equivalent, in particular fuel costs, flight and landing fees, aircraft leases, insurance and aircraft parts and accessories. Approximately 95% of all liabilities, including bank debt, air traffic liabilities and some supplier accounts payable, are expressed in American dollars. Moreover,

approximately 91% of its assets, particularly Cash and Cash Equivalent, Property, Plant and Equipment, Accounts Receivable and Investments, are also expressed in American dollars.

Although it generally keeps its rates and cargo prices in American dollars or the equivalent, the Parent Company is exposed to foreign currency losses and earnings because of exchange rate fluctuations.

As far 2008, the Parent Company and its subsidiaries recorded a net exchange differential profit in the amount of MUS\$3,491, which is shown in the Income Statement under Non-operating Income.

5. **Chilean Economic Environment**

In order to analyze the Chilean economic environment where the Company does business, below is a brief discussion of the situation and evolution of the leading economies that affect it, both national as well as regional and the world.

The world economy was adversely affected by the interaction of diverse factors that led to a slowdown in its pace of growth and great uncertainty on world markets. A growth of close to 3.7% is predicted for 2008 (4.9% in 2007).

The indicators for Europe show signs of a certain slowdown, largely caused by the weak growth in demand. A growth of close to 1.4% is expected for 2008 (2.6% in 2007).

The U.S. economy continues to weaken sustainedly, mainly the product of the recession occurring in the property sector, which has hit world stock markets and consumption hard. A growth of around 0.5% is expected in 2008 (2.2% for 2007).

The region was adversely impacted by the international outlook, specially by the evolution of the economies of the United States and Europe, which was partially offset by the increase in prices of raw materials. A growth of close to 4.7% (5.6% in 2007) is estimated for 2008, mainly because of the positive evolution of the growth in Peru and Argentina.

The domestic economy has been adversely affected by the evolution of the world economy and devaluation of the dollar. Although the inflation has been relatively under control, it has risen since last year. Moreover, the significant fiscal surplus, principally from the high price of copper, continues. A growth of 4.5% is predicted for 2008, almost one point below the 5.2% of the previous year.

Within this economic environment, the airline industry, both domestic and international, has been significantly affected by the high price of fuel. However, the business model implemented by the company has helped maintain a continuous growth that had significant positive results in the first quarter of 2008.

6. **Financial Ratios**

The electronic datasheet Explanatory_Rates.200803C.89862200.xls is attached.

EXPLANATORY ANALYSIS

a) Below are the principal financial ratios of the Consolidated General Balance Sheet:

	03/31/2008	12/31/2007	03/31/2007	12/31/2006
LIQUIDITY INDICATORS				
Current ratio (current assets/current liabilities)	1.05	0.97	0.87	0.81
Acid-test ratio (cash/current liabilities)	0.34	0.42	0.20	0.25
DEBT INDICATORS				
Debt ratio (current liabilities + long-term liabilities/Equity)	2.64	2.94	3.15	3.67
Short-term debt/total debt (%)	34.85	38.60	36.30	38.13
Long-term debt/total debt (%)	65.15	61.40	63.70	61.87
Interest expense ratio (RAII/interest expense)	6.73	7.32	7.78	6.43
ACTIVITY INDICATORS				
Total Assets	3,940,955	3,901,742	2,960,231	2,928,789
Investments	59,196	609,547	24,193	786,655
Sales	134	219	1,415	9,006
Inventory turnover (cost of sales/average inventory)	12.10	41.18	10.28	43.06
Inventory permanence (average inventory/cost of sales * 360)	29.75	8.74	35.03	8.36
PROFIT INDICATORS				
Return on equity (net profit/average equity)	0.10	0.38	0.13	0.43
Return on assets (net profit/average assets)	0.03	0.09	0.03	0.10
Return on operating assets (operating income/average operating assets)	0.04	0.12	0.05	0.12
Operating assets include all assets less deferred taxes, employee current accounts, standing and temporary investments, negative goodwill and goodwill.				
Per-Share Profit (fiscal year profit/number of subscribed and paid-in shares)	0.27	0.91	0.27	0.76
Return on dividends (dividends paid/market price)	0.02	0.04	0.03	0.02

EXPLANATORY ANALYSIS

b) Below are the principal financial ratios of the Consolidated Statement of Income:

INCOME INDICATORS	03/31/2008	12/31/2007	03/31/2007	12/31/2006
Net sales	1,077,891	3,524,923	831,305	3,033,960
Passenger	693,179	2,197,201	537,445	1,813,373
Cargo	338,096	1,154,323	255,297	1,072,730
Other	46,616	173,399	38,563	147,857
Operating Costs & Administration Expenses	953,672	3,111,552	707,834	2,731,338
Landing expenses and other fees	102,401	366,418	86,696	336,821
Fuel	328,168	930,208	191,620	763,951
Commissions	112,712	402,577	96,785	403,899
Salaries	152,536	489,550	111,340	442,967
Other operating expenses	109,382	379,123	90,449	329,934
Aircraft leases	38,738	158,917	37,913	157,681
Aircraft maintenance	45,436	159,063	39,609	117,206
Depreciation and amortization	43,790	153,852	36,734	122,802
Passenger service	20,509	71,844	16,688	56,077
Operating income	124,219	413,371	123,471	302,622
Interest expense	19,375	58,181	15,297	52,842
Non-operating profit (loss)	-13,137	-45,562	-19,727	-15,734
RAIIDAIE	173,705	579,001	155,273	464,369
After-tax profit (loss)	93,708	308,034	86,112	240,051

DECLARATION OF LIABILITY

1.01.04.00	TAXPAYER NUMBER	89862200-2
1.01.05.00	Corporate Name	LAN AIRLINES S.A.

The undersigned declare their liability for the veracity of the information forming part of this **quarterly** report as of **March 31, 2008**, according to the following:

	<u>INDIVIDUAL</u>	<u>CONSOLIDATED</u>
Uniform Coded Statistical Report (FECU)		X
Explanatory notes to the financial statements		X
Explanatory Analysis		X
Summary of Material Events in the period		X
Properly identified magnetic media		

Note: Place an "X" where pertinent.

Name	Title	Taxpayer Number	Signature
JORGE AWAD MEHECH	CHAIRMAN	4756185-K	
DARIO CALDERON GONZALEZ	DIRECTOR	5078327-8	
JOSE COX DONOSO	DIRECTOR	6065868-4	
JUAN JOSE CUETO PLAZA	DIRECTOR	6694240-6	
BERNARDO FONTAINE TALAVERA	DIRECTOR	6371763-0	
ANDRES NAVARRO HAEUSSLER	DIRECTOR	5078702-8	
JUAN CUETO SIERRA	DIRECTOR	3246727-K	

Date: April 29, 2008

DECLARATION OF LIABILITY

1.01.04.00	TAXPAYER NUMBER	89862200-2
1.01.05.00	Corporate Name	LAN AIRLINES S.A.

The undersigned declare their liability for the veracity of the information forming part of this **quarterly** report as of **March 31, 2008**, according to the following:

	<u>INDIVIDUAL</u>	<u>CONSOLIDATED</u>
Uniform Coded Statistical Report (FECU)		X
Explanatory notes to the financial statements		X
Explanatory Analysis		X
Summary of Material Events in the period		X
Properly identified magnetic media		

Note: Place an "X" where pertinent.

Name	Title	Taxpayer Number	Signature
RAMON EBLEN KADIS	DIRECTOR	4346062-5	
IGNACIO CUETO PLAZA	GENERAL MANAGER	7040324-2	
ALEJANDRO DE LA FUENTE G.	VICE-PRESIDENT, FINANCE	6947715-1	

Date: April 29, 2008