

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
30	9	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								
						M	D	Y		M	D	Y	
						as of	09	30	2008	as of	09	30	2007
		ASSETS			NOTE NUMBER	CURRENT			PREVIOUS				
5.11.00.00		TOTAL CURRENT ASSETS				1,194,182			995,100				
		5.11.10.10	Cash			13,037			8,784				
		5.11.10.20	Time Deposits			341,058			300,349				
		5.11.10.30	Marketable securities (net)		Note 04	79,112			79,818				
		5.11.10.40	Sales receivables (net)		Note 05	322,196			247,311				
		5.11.10.50	Notes receivable (net)		Note 05	2,067			5,068				
		5.11.10.60	Sundry receivables (net)		Note 05	180,623			193,940				
		5.11.10.70	Intercompany notes and accounts receivables		Note 06	1,473			8,422				
		5.11.10.80	Inventory (net)		Note 07	69,056			58,163				
		5.11.10.90	Recoverable taxes			93,357			49,761				
		5.11.20.10	Prepaid expenses		Note 34	18,129			18,232				
		5.11.20.20	Deferred taxes		Note 08	6,894			9,142				
		5.11.20.30	Other current assets		Note 09	67,180			16,110				
		5.11.20.40	Leasing contracts (net)			0			0				
		5.11.20.50	Leasing assets (net)			0			0				
5.12.00.00		TOTAL PROPERTY, PLANT & EQUIPMENT			Note 10	2,850,970			1,967,751				
		5.12.10.10	Land			25,599			10,739				
		5.12.20.00	Buildings and infrastructure			108,978			104,948				
		5.12.30.00	Machinery and equipment			2,737,278			1,780,414				
		5.12.40.00	Other property, plant & equipment			736,572			736,145				
		5.12.50.00	Gain on the technical reappraisal of property, plant & equipment			0			0				
		5.12.60.00	Depreciation (less)			-757,457			-664,495				
5.13.00.00		TOTAL OTHER ASSETS				357,863			436,443				
		5.13.10.10	Investments in related companies		Note 12	1,362			1,521				
		5.13.10.20	Investments in other companies			506			1,744				
		5.13.10.30	Goodwill		Note 13	33,213			36,794				
		5.13.10.40	Negative goodwill (less)			0			0				
		5.13.10.50	Long-term receivables		Note 05	11,425			5,617				
		5.13.10.60	Long-term intercompany notes and accounts receivable		Note 06	251			0				
		5.13.10.65	Long-term deferred taxes			0			0				
		5.13.10.70	Intangibles		Note 14	49,708			39,851				
		5.13.10.80	Amortization (less)		Note 14	-20,935			-15,443				
		5.13.10.90	Other		Note 15	282,333			366,359				
		5.13.20.10	Long-term leasing contracts (net)			0			0				
5.10.00.00		TOTAL ASSETS				4,403,015			3,399,294				

LIABILITIES													
1.00.01.30	Type of Currency	Dollars											
1.00.01.40	Type of Balance Sheet	Consolidated				1.01.04.00				Taxpayer I.D.			
						89862200-2							
							M	D	Y		M	D	Y
						as of	09	30	2008	as of	09	30	2007
	LIABILITIES				NOTE NUMBER		CURRENT			PREVIOUS			
5.21.00.00	TOTAL CURRENT LIABILITIES						1,151,276			875,193			
	5.21.10.10	Short-term bank debt					0			0			
	5.21.10.20	Short-term portion of long-term bank debt			Note 16		136,623			83,324			
	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 19		72,947			74,021			
	5.21.10.60	Dividends payable			Note 21		261			174			
	5.21.10.70	Accounts payable			Note 35		356,531			276,401			
	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		180			128			
	5.21.20.20	Provisions			Note 18		90,853			95,944			
	5.21.20.30	Withholdings					60,875			59,658			
	5.21.20.40	Income tax			Note 08		4,389			4,249			
	5.21.20.50	Prepaid revenue					386,739			271,775			
	5.21.20.60	Deferred taxes					0			0			
	5.21.20.70	Other current liabilities					41,878			9,519			
5.22.00.00	TOTAL LONG-TERM LIABILITIES						2,143,208			1,513,224			
	5.22.10.00	Bank debt			Note 17		1,564,414			1,024,156			
	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			0			
	5.22.50.00	Long-term intercompany notes and accounts payable					0			0			
	5.22.60.00	Long-term provisions			Note 18		147,253			60,908			
	5.22.70.00	Long-term deferred taxes			Note 08		205,688			154,546			
	5.22.80.00	Other long-term liabilities			Note 19		225,853			273,614			
5.23.00.00	MINORITY INTEREST				Note 20		3,374			3,719			
5.24.00.00	TOTAL EQUITY				Note 21		1,105,157			1,007,158			
	5.24.10.00	Paid-in capital					453,444			453,444			
	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					1,031			-21			
	5.24.50.00	Retained earnings (add codes 5.24.51.00 to 5.24.56.00)					650,682			553,735			
		5.24.51.00 Future dividend reserves					0			0			
		5.24.52.00 Retained earnings					528,833			436,337			
		5.24.53.00 Cumulative losses (less)					0			0			
		5.24.54.00 Fiscal year profit (loss)					218,635			207,503			
		5.24.55.00 Interim dividends (less)					-96,786			-90,105			
		5.24.56.00 Cumulative deficit in development period					0			0			
5.20.00.00	TOTAL LIABILITIES						4,403,015			3,399,294			

INCOME STATEMENT

2.02	INCOME STATEMENT									
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							
				M	D	Y		M	D	Y
			from	01	01	2008	from	01	01	2007
			to	09	30	2008	to	09	30	2007
INCOME STATEMENT			NOTE	CURRENT			PREVIOUS			
			NUMBER							
5.31.11.00	OPERATING INCOME					303,845				281,487
5.31.11.10	OPERATING MARGIN					1,136,278				953,305
5.31.11.11	Operating income					3,354,935				2,478,830
5.31.11.12	Operating costs (less)					-2,218,657				-1,525,525
5.31.11.20	Administration and selling expenses (less)					-832,433				-671,818
5.31.12.00	NON-OPERATING INCOME					-44,926				-35,224
5.31.12.10	Interest income					14,318				12,560
5.31.12.20	Profit on investment in related companies		Note 12			743				781
5.31.12.30	Other non-operating income		Note 22			65,941				9,428
5.31.12.40	Loss on investment in related companies (less)		Note 12			-162				-721
5.31.12.50	Amortization of goodwill (less)		Note 13			-2,263				-2,343
5.31.12.60	Interest expense (less)					-67,810				-56,090
5.31.12.70	Other non-operating disbursements (less)		Note 22			-53,268				-5,639
5.31.12.80	Price-level restatement		Note 23			844				507
5.31.12.90	Exchange differentials		Note 24			-3,269				6,293
5.31.10.00	PRE-INCOME TAX INCOME AND EXTRAORDINARY ITEMS					258,919				246,263
5.31.20.00	INCOME TAX		Note 08			-41,640				-40,521
5.31.30.00	EXTRAORDINARY ITEMS					0				0
5.31.40.00	PROFIT (LOSS) BEFORE MINORITY INTEREST					217,279				205,742
5.31.50.00	MINORITY INTEREST		Note 20			1,356				1,761
5.31.00.00	NET PROFIT (LOSS)					218,635				207,503
5.32.00.00	Amortization of negative goodwill		Note 13			0				0
5.30.00.00	FISCAL YEAR PROFIT (LOSS)					218,635				207,503

STATEMENT OF CASH FLOW – DIRECT

2.03 STATEMENT OF CASH FLOW

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	
5.03.01.00	Cash flow statement method	D		

STATEMENT OF CASH FLOW – DIRECT		Note Number	CURRENT			PREVIOUS				
			M	D	Y	M	D	Y		
			from	01	01	2008	from	01	01	2007
			to	09	30	2008	to	09	30	2007
5.41.11.00	NET FLOW FROM OPERATING ACTIVITIES				419,928			372,902		
5.41.11.10	Collection of sales receivables				3,907,035			3,012,807		
5.41.11.20	Interest income received				5,537			10,258		
5.41.11.30	Dividends and other distributions received				699			756		
5.41.11.40	Other income received				97,865			17,137		
5.41.11.50	Payments to suppliers and employees (less)				-3,409,166			-2,564,746		
5.41.11.60	Interest paid (less)				-64,715			-55,238		
5.41.11.70	Income tax paid (less)				-19,047			-11,427		
5.41.11.80	Other expenses paid (less)				-40,381			-7,933		
5.41.11.90	Value-Added Tax and other similar taxes paid (less)				-57,899			-28,712		
5.41.12.00	NET FLOW FROM FINANCE ACTIVITIES				182,157			196,939		
5.41.12.05	Placement of cash shares				0			319,141		
5.41.12.10	Loans obtained				487,074			280,640		
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)				-222,871			-210,868		
5.41.12.40	Capital distributions (less)				0			0		
5.41.12.45	Loan payments (less)				-72,510			-180,433		
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			-2,641		
5.41.12.70	Payment of expenses for note issuance and placement (less)				0			0		
5.41.12.75	Other finance disbursements (less)	Note 26			-9,536			-8,900		
5.41.13.00	NET FLOW FROM INVESTMENT ACTIVITIES				-628,593			-402,733		
5.41.13.05	Sales of property, plant and equipment				6,526			146		
5.41.13.10	Sale of standing investments				6,708			3,500		
5.41.13.15	Sale of other investments				9,419			11,075		
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)				-640,275			-402,205		
5.41.13.40	Payment of compounded interest (less)				-620			-2,291		
5.41.13.45	Standing investments (less)				0			0		
5.41.13.50	Investment in interest-bearing instruments (less)				-2,607			-12,958		
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)				-7,744			0		
5.41.10.00	TOTAL NET FLOW IN PERIOD				-26,508			167,108		
5.41.20.00	EFFECT OF INFLATION ON CASH AND CASH EQUIVALENT				-913			-78		
5.41.00.00	NET CHANGE IN CASH AND CASH EQUIVALENT				-27,421			167,030		
5.42.00.00	INITIAL CASH AND CASH EQUIVALENT				445,615			199,496		
5.40.00.00	ENDING CASH AND CASH EQUIVALENT				418,194			366,526		

FLOW-INCOME RECONCILIATION

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

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	

						M	D	Y		M	D	Y	
						from	01	01	2008	from	01	01	2007
						to	09	30	2008	to	09	30	2007

FLOW-INCOME RECONCILIATION		Note Number	CURRENT	PREVIOUS
5.50.10.00	Fiscal year profit (loss)		218,635	207,503
5.50.20.00	Income from the sale of assets		-4,941	3,269
5.50.20.10	(Profit) loss on the sale of property, plant and equipment	Note 22	-1,055	-983
5.50.20.20	Profit on the sale of investments (less)	Note 22	-3,886	0
5.50.20.30	Loss on the sale of investments		0	4,252
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		142,377	103,449
5.50.30.05	Fiscal year depreciation	Note 10	126,006	105,306
5.50.30.10	Amortization of intangibles	Note 14	5,873	4,537
5.50.30.15	Write-offs and provisions		8,311	6,036
5.50.30.20	Profit accrued on investment in related companies (less)	Note 12	-743	-781
5.50.30.25	Loss accrued on investment in related companies	Note 12	162	721
5.50.30.30	Amortization of goodwill	Note 13	2,263	2,343
5.50.30.35	Amortization of negative goodwill (less)		0	0
5.50.30.40	Net price-level restatement	Note 23	-844	-507
5.50.30.45	Net exchange differential	Note 24	3,269	-6,293
5.50.30.50	Other credits to income not representing cash flow (less)		-53,568	-8,274
5.50.30.55	Other debits to income not representing cash flow		51,648	361
5.50.40.00	Change in Assets affecting cash flow – (increase) decrease		-16,091	-67,920
5.50.40.10	Sales receivables		-36,185	-32,542
5.50.40.20	Inventories		8,017	-8,945
5.50.40.30	Other assets		12,077	-26,433
5.50.50.00	Change in liabilities affecting cash flow – (increase) decrease		81,304	128,362
5.50.50.10	Accounts payable in relation to operating income		66,501	98,255
5.50.50.20	Interest payable		2,308	2,154
5.50.50.30	Income tax payable (net)	Note 08	22,530	29,954
5.50.50.40	Other accounts payable in relation to non-operating income		-11,561	-2
5.50.50.50	Value-added tax and other similar taxes payable (net)		1,526	-1,999
5.50.60.00	Profit (Loss) on minority interest	Note 20	-1,356	-1,761
5.50.00.00	NET FLOW FROM OPERATING ACTIVITIES		419,928	372,902

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 September 30, 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 previous period to the 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 6.9% for 2008 with a gap of one month (5.1% 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 September 30th 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:

	09.30.08	09.30.07
	Per U.S Dollar	Per U.S Dollar
Chilean peso	551.31	511.23
Unidad de Fomento (Chile)	0.03	0.03
Argentine peso	3.13	3.15
Brazilian real	1.90	1.83
New sol (Peru)	2.98	3.08
Australian dollar	1.27	1.13
Polynesian franc	81.01	86.32
Bolivar	--	2,144.60
New Bolivar (Venezuela)	2.14	--
Bolivian	7.01	7.60
Uruguayan peso	21.15	23.00
Mexican peso	10.92	10.94
Canadian dollar	1.06	0.99
Danish crown	5.30	5.23
Guarani	3,990.00	5,020.00
Colombian peso	2,190.85	2,022.00
Japanese yen	106.45	114.82
New Zealand dollar	1.50	1.32
Euro (European Community)	0.71	0.70
Dominican peso	34.88	33.34

The adjustment for exchange fluctuations of different currencies meant a net debit against income of MUS\$3,269 as of September 30, 2008 (a net credit of MUS\$6,293 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 September 30th 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.

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			09-30-2007 TOTAL
		DIRECT	INDIRECT	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
78.074.340-9	Sistemas de Distribución Amadeus Chile S.A.	0.0000	0.0000	0.0000	100.0000
O-E	Lan Peru S.A.	49.0000	21.0000	70.0000	70.0000
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	Consortio 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	0.0000	0.0000	90.0000
O-E	Lan Cargo Overseas Limited and Subsidiaries	0.0000	100.0000	100.0000	100.0000
96.969.690-8	Lan Cargo Inversiones S.A.	0.0000	100.0000	100.0000	100.0000
96.801.150-2	Blue Express Intl S.A. and Subsidiary	0.0000	100.0000	100.0000	100.0000
O-E	Connecta Corporation	0.0000	100.0000	100.0000	0.0000
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
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 September 30, 2008.

04. MARKETABLE SECURITIES
BALANCE COMPOSITION

INSTRUMENTS	BOOK VALUE	
	09/30/2008	09/30/2007
Shares	0	0
Bonds	15,013	22,425
Mutual fund shares	64,099	57,393
Investment fund shares	0	0
Promissory notes	0	0
Mortgage bills	0	0
Total Marketable Securities	79,112	79,818

04. MARKETABLE SECURITIES
FIXED-INCOME INSTRUMENTS

INSTRUMENT	DATE		PAR VALUE	BOOK VALUE		MARKET VALUE	PROVISION
	PURCHASE	EXPIRATION		AMOUNT	RATE		
LOCAL BONDS	06-08-2004	09-01-2009	553	508	4.84%	578	0
FOREIGN BONDS	10-11-2006	09-11-2009	15,040	14,505	9.14%	14,920	0

05. SHORT- AND LONG-TERM RECEIVABLES

The net provision entries are also shown in the spreadsheet Note_05.200809C.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				Subtotal	Total current (net)		LONG-TERM	
	Out to 90 days		More than 90 days to 1 year			09-30-2008	09-30-2007	09-30-2008	09-30-2007
	09-30-2008	09-30-2007	09-30-2008	09-30-2007					
Sales receivables	328,658	252,679	9,420	13,369	338,078	322,196	247,311	0	0
Estimated uncollectibles	-	-	-	-	15,882	-	-	-	-
Notes receivable	7,945	9,142	487	1,443	8,432	2,067	5,068	0	0
Estimated uncollectibles	-	-	-	-	6,365	-	-	-	-
Sundry receivables	70,833	71,850	109,790	122,090	180,623	180,623	193,940	11,425	5,617
Estimated uncollectibles	-	-	-	-	-	-	-	-	-
							Total long-term receivables	11,425	5,617

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	85,188	26.44	85,274	34.48	--	--	--	--
Abroad	237,008	73.56	162,037	65.52	--	--	--	--
Total	322,196	100.00	247,311	100.00	--	--	--	--
b) Notes receivable								
In Chile	1,776	85.92	4,887	96.43	--	--	--	--
Abroad	291	14.08	181	3.57	--	--	--	--
Total	2,067	100.00	5,068	100.00	--	--	--	--
c) Sundry receivables								
Plane Advance (1)	95,601	52.93	140,735	72.57	--	--	--	--
VRG Linhas Aereas S.A. (2)	19,600	10.85	17,100	8.82	--	--	--	--
Supplier advances	15,278	8.46	9,530	4.91	--	--	--	--
Staff current accounts	8,330	4.61	6,562	3.38	2,275	19.91	3,081	54.85
Recoverable fuel insurance	5,153	2.85	3,466	1.79	--	--	--	--
Florida West International Airways INC (3)	4,147	2.30	--	--	--	--	--	--
Co-branding and Lan Pass receivables	2,288	1.27	2,111	1.09	--	--	--	--
Ultramar Agencia Maritima Ltda. (4)	1,391	0.77	--	--	1,392	12.18	--	--
Aircraft re-delivery receivables (5)	--	--	406	0.21	7,627	66.76	2,479	44.13
Other	28,835	15.96	14,030	7.23	131	1.15	57	1.02
Total	180,623	100.00	193,940	100.00	11,425	100.00	5,617	100.00

The balances of Sales Receivables (MUS\$15,882) and Notes Receivables (MUS\$6,365) are shown net of the uncollectibles provision (MUS\$18,737 and MUS\$5,517, 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) Accounts receivable because of the financing granted to VRG LINHAS AEREAS S.A.
- (3) Accounts receivable from Florida West International Airways Inc., reclassified to this line because of the sale of the interest in that company, as discussed in Note 12.
- (4) Account Receivable from Ultramar Agencia Maritima Ltda., amounting to MUS\$2,783, as a result of the sale of the investment in Terminal de Exportacion Internacional S.A., a subsidiary, as discussed in Note 12.
- (5) 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.

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

It has been decided that all transactions made with affiliates and common shareholders are to be shown, without regard to amount.

06. INTERCOMPANY BALANCES AND TRANSACTIONS
Notes and Accounts Receivable

Taxpayer I.D.	COMPANY	SHORT-TERM		LONG-TERM	
		09-30-2008	09-30-2007	09-30-2008	09-30-2007
96839490-8	Administradora Valle Escondido S.A.	0	39	0	0
56080790-2	Asamblea de Com. De Valle Escondido	0	56	0	0
9259640-0	Claudia Urrutia Urrutia	131	0	251	0
74501400-3	Club de Golf Valle Escondido	0	4	0	0
96778310-2	Concesionaria Chucumata S.A.	5	4	0	0
96810370-9	Inversiones Costa Verde Limitada	5	5	0	0
96669520-K	Red de Televisión Chilevisión S.A.	121	84	0	0
96812280-0	San Alberto S.A. and subsidiaries	29	29	0	0
78005760-2	Sociedad de Seguridad Aerea S.A.	1,179	0	0	0
96718470-5	Valle Escondido S.A.	0	10	0	0
87752000-5	Granja Marina Tornagaleones S.A.	3	0	0	0
O-E	Florida West International Airways Inc.	0	8,191	0	0
	Total	1,473	8,422	251	0

06. INTERCOMPANY BALANCES AND TRANSACTIONS
Notes and Accounts Payable

Taxpayer I.D.	COMPANY	SHORT-TERM		LONG-TERM	
		09-30-2008	09-30-2007	09-30-2008	09-30-2007
96921070-3	Austral Sociedad Concesionaria S.A.	39	25	0	0
96894180-1	Bancard Inversiones Limitada	0	31	0	0
96847880-K	Lufthansa Lan Technical Training S.A.	114	56	0	0
96888630-4	Sociedad Concesionaria Aerosur S.A.	0	16	0	0
O-E	Inversora Aeronautica Argentina	27	0	0	0
	Total	180	128	0	0

06. INTERCOMPANY BALANCES AND TRANSACTIONS
Transactions

COMPANY	TAXPAYER	TYPE OF RELATIONSHIP	DESCRIPTION OF TRANSACTION	09-30-2008		09-30-2007	
	I.D.			AMOUNT	EFFECT ON INCOME (DEBIT/CREDIT)	AMOUNT	EFFECT ON INCOME (DEBIT/CREDIT)
AUSTRAL SOCIEDAD CONCESIONARIA S.A.	96921070-3	AFFILIATE	Aviation fees received	57	-57	42	-42
		AFFILIATE	Basic utilities received	15	-15	25	-25
		AFFILIATE	Aviation concessions received	230	-230	208	-208
		AFFILIATE	Dividends distributed	429	0	195	0
CONCESIONARIA CHUCUMATA S.A.	96778310-2	AFFILIATE	Aviation fees received	5	-5	59	-59
		AFFILIATE	Basic utilities received	2	-2	11	-11
		AFFILIATE	Aviation concessions received	21	-21	85	-85
LUFTHANSA LAN TECHNICAL TRAINING S.A.	96847880-K	AFFILIATE	Training received	724	-724	611	-611
		AFFILIATE	Other payments on account	9	0	454	0
		AFFILIATE	Courier service rendered	0	0	5	5
		AFFILIATE	Right assignment made	11	0	13	0
		AFFILIATE	Dividends distributed	221	0	204	0
SOCIEDAD CONCESIONARIA AEROSUR S.A.	96888630-4	INDIRECT AFFILIATE	Aviation concessions received	257	-231	105	-98
		INDIRECT AFFILIATE	Aviation fees received	29	-29	65	-57
		INDIRECT AFFILIATE	Basic utilities received	8	-8	7	-7
		INDIRECT AFFILIATE					
CHOICE AIR COURIER DEL PERU S.A.	0-E	INDIRECT AFFILIATE	Courier service rendered	0	0	8	8
		INDIRECT AFFILIATE	Other payments on account	0	0	65	0
		INDIRECT AFFILIATE	Interline collection	0	0	18	0
FLORIDA WEST INTERNATIONAL AIRWAYS INC.	0-E	INDIRECT AFFILIATE	Leased aircraft granted	0	0	26,568	26,568
		INDIRECT AFFILIATE	Leased aircraft received	0	0	25,064	-25,064
		INDIRECT AFFILIATE	Transportation service granted	0	0	569	569
		INDIRECT	Transportation service received	0	0	1,974	-1,974

		AFFILIATE					
		INDIRECT AFFILIATE	Maintenance service received	0	0	2,117	-2,117
		INDIRECT AFFILIATE	Handling agent fee	0	0	4,202	4,202
		INDIRECT AFFILIATE	Interline collection	0	0	4,251	0
		INDIRECT AFFILIATE	Payment of fuel bill	0	0	32	0
		INDIRECT AFFILIATE	Other payments on account	0	0	3,025	0
COMUNIDAD MUJER	65216000-K	RELATED TO SHAREHOLDER	Advertising service received	0	0	10	-10
		RELATED TO SHAREHOLDER	Ticket service rendered	0	0	10	10
CLAUDIA URRUTIA URRUTIA	9259640-0	RELATED TO SHAREHOLDER	Sale of SEGAER	382	0	0	0
SOCIEDAD DE SEGURIDAD AEREA S.A.	78005760-2	RELATED TO SHAREHOLDER	Payment on account of services	1,179	0	0	0
ASAMBLEA DE COMUNEROS DE VALLE ESCONDIDO S.A.	56080790-2	COMMON SHAREHOLDERS	Other services rendered	78	66	186	156
BANCARD INVERSIONES LIMITADA	96894180-1	COMMON SHAREHOLDERS	Professional assistance received	43	-43	93	-93
GRANJA MARINA TORNAGALEONES S.A.	87752000-5	COMMON SHAREHOLDERS	Ticket service rendered	33	33	18	18
INMOBILIARIA PARQUE SAN LUIS UNO S.A.	96787990-8	COMMON SHAREHOLDERS	Purchase of fixed assets	11,879	0	0	0
INVERSIONES COSTA VERDE LIMITADA	96810370-9	COMMON SHAREHOLDERS	Propertye lease	53	53	34	34
		COMMON SHAREHOLDERS	Ticket service rendered	9	9	1	1
RED DE TELEVISIÓN CHILEVISIÓN S.A.	96669520-K	COMMON SHAREHOLDERS	Advertising service received	338	-284	276	-230
		COMMON SHAREHOLDERS	Ticket service rendered	547	547	319	319
INVERSORA AERONAUTICA ARGENTINA	0-E	COMMON SHAREHOLDERS	Building leased	243	-243	225	-225

07. INVENTORIES

The inventories as of September 30, 2008 and 2007, appraised as described in Note 2 h), include the following concepts:

	2008 MUS\$	2007 MUS\$
Spare parts and materials	52,426	48,723
Spares for sale (1)	14,132	1,676
Aircraft for sale (2)	2,333	3,409
Duty Free Stocks	165	4,355
	<hr/>	
Total	69,056	58,163

- (1) Stocks for sale are shown net of the market value adjustment provision in the amount of MUS\$4,355 as of September 30, 2008 (MUS\$3,324 in 2007).
- (2) This encompasses five Boeing 737 aircraft whose value is shown net of the dismantling provision amounting to MUS\$2,926 as of September 30, 2008 (MUS\$987 in 2007).

08. DEFERRED TAXES AND INCOME TAXES

a) General

As of September 30, 2008, the Parent Company recorded a taxable profit of MUS\$8,779 (MUS\$58,867 in 2007) and of MUS\$51,925 (MUS\$20,365 in 2007) for some of its subsidiaries. However, some subsidiaries in the group suffered tax losses in the amount of MUS\$102,124 (MUS\$129,196 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\$10,525 (MUS\$14,598 in 2007) and a special tax provision for MUS\$13 (MUS\$63 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	09/30/2008				09/30/2007			
	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	4,919	173	0	0	4,850	122	0	0
Prepaid Income	0	0	0	0	0	0	0	0
Vacation Provision	2,678	1,242	0	0	2,348	1,254	0	0
Intangibles Amortization	57	174	0	0	55	285	0	0
Leasing Assets	0	0	0	57,255	0	0	0	26,439
Manufacturing Expenses	0	0	0	57	0	0	0	0
Depreciation of Property, Plant and Equipment	0	0	6	141,035	0	0	0	123,718
Severance Indemnities	0	0	0	0	0	0	0	0
Other Events	2,594	34,546	1,797	105	4,178	13,923	392	13
Obsolescence Provision	1,904	0	0	0	3,289	0	0	0
Accrued Tax Losses	2,519	27,282	0	0	391	33,868	0	0
Capitalized Commissions	0	0	2,175	0	0	0	1,537	0
Lapsed tickets	0	0	0	21,291	0	0	0	16,984
Capitalized expenses	0	0	2,151	774	0	0	2,392	1,506
Capitalized aircraft interest	0	0	0	17,849	0	0	0	11,277
Severance provision	0	107	0	0	0	258	0	0
Maintenance provision	0	0	0	14,880	0	352	0	14,072
OTHER								
Complementary accounts, net of amortization	0	0	0	8,228	0	0		8,645
Valuation Provision	1,648	24,194			1,648	19,244		
Grand Total	13,023	39,330	6,129	245,018	13,463	30,818	4,321	185,364

08. Deferred taxes and income taxes
Income tax

ITEM	09/30/2008	09/30/2007
Current tax expense (tax provision)	-10,538	-14,661
Tax expense adjustment (previous fiscal year)	2,335	-1,173
Effect of deferred tax assets or liabilities for the fiscal year	-33,742	-20,654
Tax benefit from tax losses	6,447	2,919
Effect of amortization of complementary deferred asset and liability accounts	-179	0
Effect of deferred taxes on assets or liabilities because of changes in the valuation provision	-6,058	-7,218
Other debits or credits to the account	95	266
TOTALS	-41,640	-40,521

09. Other current assets

This line breaks down as follows:

	2008 MUS\$	2007 MUS\$
Forwards (1)	50,385	10,096
Derivative margin guarantees	6,420	-
Guarantees granted (planes)	622	3,291
Other guarantees	7,165	1,315
Other	2,588	1,408
TOTAL	67,180	16,110

(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_10.200809C.89862200.xls.

b) Leasing Assets

The property, plant and equipment acquired under the financial lease method are shown as Other Fixed Assets, and correspond 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
3	5	Boeing 737	200ADV	Passenger (*)
1	1	Boeing 737	200ADV	Cargo (*)
13	8	Boeing 767	300ER	Passenger
8	8	Boeing 767	300F	Cargo
1	1	Boeing 767	200ER	Passenger (**)
13	2	Airbus A318	100	Passenger
10	10	Airbus A319	100	Passenger
8	4	Airbus A320	200	Passenger
57	39	Total		

(*) Leased to Sky Service S.A.

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

10. Property, Plant & Equipment

Leased aircraft:

2008	2007	Aircraft	Model	Use
-	8	Boeing 737	200ADV	Passenger
11	13	Boeing 767	300ER	Passenger
1	1	Boeing 767	300F	Cargo
5	5	Airbus A319	100	Passenger
11	11	Airbus A320	200	Passenger
5	5	Airbus A340	300	Passenger
33	43	Total		
90	82	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	25,599	-	25,599	10,739	-	10,739
Buildings and infrastructure:						
Buildings	64,836	-15,820	49,016	64,457	-14,405	50,052
Other facilities	37,496	-17,289	20,207	39,136	-15,530	23,606
Constructions in progress	6,646	-	6,646	1,355	-	1,355
Total	108,978	-33,109	75,869	104,948	-29,935	75,013
Machinery and equipment:						
Boeing 767 Passenger Planes	939,429	-121,343	818,086	511,598	-80,426	431,172
Boeing 767 Cargo Planes	273,515	-34,473	239,042	273,343	-24,466	248,877
Boeing 737 Passenger Planes	2,030	-315	1,715	13,092	-10,702	2,390
Boeing 737 Cargo Planes	1,355	-188	1,167	3,250	-2,423	827
Airbus A320 Passenger Planes	306,331	-45,459	260,872	147,311	-35,119	112,192
Airbus A319 Passenger Planes	342,424	-39,846	302,578	342,147	-22,228	319,919
Airbus A318 Passenger Plane	377,747	-10,481	367,266	55,683	-613	55,070
Engines and rotables	372,655	-88,818	283,837	317,708	-106,039	211,669
Communication and computer equipment	72,139	-57,611	14,528	72,402	-55,562	16,840
Other machinery and equipment	49,653	-31,686	17,967	43,880	-28,579	15,301
Total	2,737,278	-430,220	2,307,058	1,780,414	-366,157	1,414,257
Other fixed assets:						
Leased Boeing 767 Plane (passenger)	230,428	-99,972	131,356	227,908	-95,559	132,349
Leased Boeing 767 Plane (cargo)	409,836	-151,490	258,346	410,626	-132,137	278,489
Spare parts warehouse	16,176	-	16,176	18,316	-	18,316
Office furniture and equipment	17,070	-11,914	5,156	16,082	-10,917	5,165
Other fixed assets	63,062	-31,652	31,410	63,213	-29,790	33,423
Total	736,572	-294,128	442,444	736,145	-268,403	467,742
Totals	3,608,427	-757,457	2,850,970	2,632,246	-664,495	1,967,751

The debit against income for depreciation in the fiscal year, classified under Operating Costs, amounted to MUS\$115,484 while it amounted to MUS\$10,522 for selling, general and administrative expenses (MUS\$94,344 and MUS\$10,962 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\$10,096 as of September 30, 2008 (MUS\$12,867 in 2007).

As of September 30, 2008, Machinery and Equipment are shown net of a provision for MUS\$3,916 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_11.200809C.89862200.xls.

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. 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. 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. 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. 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. 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.

2. Blue Express Intl S.A. (formerly Lan Courier S.A.)

On May 7, 2008, Lan Courier S.A., a subsidiary of Lan Cargo S.A., changed its corporate name to Blue Express Intl 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 August 7, 2008, Lan Cargo S.A. and Inversiones Lan S.A. sold all of the shares they held in Sociedad de Seguridad Aerea S.A. The gain on this sale was MUS\$133.

On July 2, 2008, the aviation authorities from Colombia authorized the creation of a new subsidiary of Lan Cargo S.A. in that country.

As from such date, the operating and technical certification of the company began. This process will last for a period of approximately six months. Therefore, the new subsidiary deems that operations will begin in the first quarter 2009.

On April 11, 2008, Lan Cargo S.A. made a dividend distribution amounting to MUS\$42,146. Most was paid to Lan Airlines S.A. (MUS\$42,102).

On April 10, 2008, Transporte Aereo S.A., a subsidiary of Lan Cargo S.A., decided that the payment of the interim dividends made on December 17, 2007, would be a final dividend.

On February 29, 2008, Lan Cargo S.A. acquired 100% of Connecta Corporation. It purchased 100 shares for US\$10 each.

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 27, 2007, Fast Air Almacenes de Carga S.A., a subsidiary of Lan Cargo S.A., made an interim dividend distribution amounting to MUS\$355.

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 December 19, 2006, the Special Shareholders Meeting of Fast Air Almacenes de Carga S.A., a subsidiary of Lan Cargo S.A., approved a capital decrease for MUS\$1,351 while maintaining the same amount of shares.

On December 17, 2007, Transporte Aereo S.A., a subsidiary of Lan Cargo S.A., made an interim dividend distribution amounting to MUS\$41,000. Lan Cargo S.A. received MUS\$40,999 and Inversiones Lan S.A. MUS\$1.

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, 2007, Lan Cargo S.A. made a dividend distribution in the amount of MUS\$30,866, most of which was paid to Lan Airlines S.A. (MUS\$30,833).

4. Lan Peru S.A.

In May 2008, Lan Peru S.A. made a dividend distribution in the amount of MUS\$681 to Lan Airlines S.A. and MUS\$292 to Inversiones Aereas S.A.

In May 2008, Lan Peru S.A. made a capital increase by capitalizing earnings for MUS\$611.

In May 2007, Lan Peru S.A. made a dividend distribution in the amount of MUS\$769 to Lan Airlines S.A. and MUS\$329 to Inversiones Aereas S.A.

5. Sistemas de Distribucion Amadeus Chile S.A.

On May 6, 2008, Lan Airlines S.A. and its indirect subsidiary, Transporte Aereo S.A., sold all of their shares in Sistemas de Distribucion Amadeus Chile S.A. 827 shares were sold to Amadeus IT Group S.A. and one share to Amadeus America S.A. A profit of MUS\$1,082 was earned on this sale. The sale price was MUS\$1,602.

On April 8, 2008, Lan Airlines S.A. and its indirect subsidiary, Transporte Aereo S.A., made a capital decrease of MUS\$851 in the subsidiary, Sistemas de Distribucion Amadeus Chile S.A., equal to 1,010 shares. Their percentage interests remained the same.

6. Lan Cargo Inversiones S.A. (formerly Linea Aerea Nacional S.A.)

On April 22, 2008, the indirect subsidiary Linea Aerea Nacional S.A. changed its corporate name to Lan Cargo Inversiones S.A.

On April 11, 2008, Lan Airlines S.A. sold 99% of Linea Aerea Nacional S.A. to its subsidiary Lan Cargo S.A. for the amount of MUS\$10, corresponding to 99 shares.

7. Perdiz Leasing Limited

On October 10, 2006, Perdiz Leasing Limited was incorporated in which Lan Airlines S.A. has a share of 1% (1 share), equal to US\$1.

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

12. Investments in related companies Investment Breakdown

Taxpayer I.D. No.	Company	Country of Origin	Currency Controlling Investment	Number of Shares	Percentage Interest		Equity of Companies		Fiscal Year Income		Equity of Companies at Fair Value		Fiscal year Income at fair value		Accrual Income		EV/PEV		Unrealized Income		Book Value of Investment			
					09/30/2008	09/30/2007	09/30/2008	09/30/2007	09/30/2008	09/30/2007	09/30/2008	09/30/2007	09/30/2008	09/30/2007	09/30/2008	09/30/2007	09/30/2008	09/30/2007	09/30/2008	09/30/2007	09/30/2008	09/30/2007	09/30/2008	09/30/2007
					96921070-3	AUSTRAL SOCIEDAD CONCESIONARIA S.A.	CHILE	--	352	20.00000	20.00000	3,160	3,632	1,836	877	0	0	0	0	367	175	632	725	0
96847880-K	LUFTHANSA LAN TECHNICAL TRAINING S.A.	CHILE	--	50	50.00000	50.00000	1,224	1,367	309	456	0	0	0	0	155	228	612	684	0	0	612	684		
96778310-2	CONCESIONARIA CHUCUMATA S.A.	CHILE	--	167	16.70000	16.70000	709	673	159	504	0	0	0	0	27	84	118	112	0	0	118	112		
0-E	FLORIDA WEST INTERNATIONAL AIRWAYS INC.	USA	U.S. DOLLAR	0	0.00000	25.00000	0	-1,881	0	-1,676	0	0	0	0	0	-419	0	0	0	0	0	0		
78074340-9	SISTEMA DE DISTRIBUCION AMADEUS CHILE S.A.	CHILE	U.S. DOLLAR	0	0.00000	0.00000	0	0	0	0	0	0	0	0	-162	0	0	0	0	0	0	0		
0-E	SKYWORLD INTERNATIONAL COURIERS, INC.	USA	U.S. DOLLAR	0	0.00000	0.00000	0	0	0	0	0	0	0	0	0	-302	0	0	0	0	0	0		
0-E	LAN BOX, INC.	USA	U.S. DOLLAR	0	0.00000	0.00000	0	0	0	0	0	0	0	0	294	0	0	0	0	0	0	0		
78005760-2	SOCIEDAD DE SEGURIDA AEREA S.A.	CHILE	--	0	0.00000	0.00000	0	0	0	0	0	0	0	0	194	0	0	0	0	0	0	0		
	TOTAL																1,362	1,521	0	0	1,362	1,521		

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	09/30/2008		09/30/2007	
		AMOUNT AMORTIZED IN PERIOD	GOODWILL BALANCE	AMOUNT AMORTIZED IN PERIOD	GOODWILL BALANCE
93383000-4	LAN CARGO S.A.	1,357	15,837	1,357	17,647
0-E	INVERSORA CORDILLERA S.A.	316	7,301	250	7,730
0-E	INVERSIONES AEREAS S.A.	221	3,781	221	4,075
0-E	MAS INVESTMENT LIMITED	128	2,089	128	2,261
0-E	AEROLINEAS BRASILEIRAS S.A.	108	1,905	108	2,050
0-E	LAN BOX, INC.	0	0	58	0
0-E	SKYWORLD INTERNATIONAL COURIERS, INC.	0	0	48	0
0-E	PROMOTORA AEREA LATINOAMERICANA S.A.	63	1,147	63	1,231
0-E	AIR CARGO LIMITED	0	0	32	564
0-E	LAN ARGENTINA S.A.	34	609	28	643
0-E	PRIME AIRPORT SERVICES INC.	26	343	26	378
0-E	SKYBOX SERVICES CORP.	0	0	14	0
0-E	AEROTRANSPORTES MAS DE CARGA S.A.	7	139	7	149
0-E	H.G.A. RAMPAS Y SERVICIOS	1	31	1	33
0-E	AEROPORTUARIOS DE GUAYAQUIL S.A.				
0-E	H.G.A. RAMPAS DEL ECUADOR S.A.	2	31	2	33
	TOTAL	2,263	33,213	2,343	36,794

14. Intangibles

As of September 30, 2008 and 2007, Intangibles, appraised according to Note 2 m), include the following concepts:

	2008			2007		
	Asset	Cumulative	Net	Asset	Cumulative	Net
	Value	Depreciation	Value	Value	Depreciation	Value
	MUS\$	MUS\$	MUS\$	MUS\$	MUS\$	MUS\$
Software	46,041	-19,630	26,411	35,334	-13,212	22,122
Other	3,667	-1,305	2,362	4,517	-2,231	2,286
Total	49,708	-20,935	28,773	39,851	-15,443	24,408

The debit to income for amortization in the period amounted to MUS\$5,873 (MUS\$4,537 in 2007).

15. Other (Assets)

This line breaks down as follows:

	2008	2007
	MUS\$	MUS\$
a) Deposits in guarantee:		
Deposits in guarantee (planes)	13,681	14,281
Other	2,619	3,957
Subtotal	16,300	18,238
b) Other long-term assets:		
Plane advances (1)	227,181	324,647
Unrealized income from forward (2)	36,258	21,520
Other	2,594	1,954
Subtotal	266,033	348,121
Total	282,333	366,359

- (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.

18. 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	54,563	62,744	60,735	43,549
Provision for investigation by the E.C. and the U.S. Department of Justice (1)	-	-	75,000	-
Vacations	17,202	15,297	6,976	7,063
Lan Pass Award	7,521	8,294	-	-
Bonuses	6,009	5,703	-	-
Other	5,558	3,906	4,542	10,296
TOTAL	90,853	95,944	147,253	60,908

b) Write-offs

Write-offs made as of September 30, 2008 and 2007, are as follows:

	2008	2007
	MUS\$	MUS\$
Uncollectible receivables	2,905	5,540
Spare part and rotatable obsolescence	1,282	626
Total	4,187	6,166

Both write-offs were debited against provisions.

(1) A provision established based on the proceedings before the European Commission and the U.S. Department of Justice for eventual unfair commercial practices on the European air cargo market.

19. Other Long-Term Liabilities

Other long-term liabilities break down as follows:

	2008	2007
	MUS\$	MUS\$
Leasing debt (1)	192,899	247,129
Forward (2)	31,764	15,557
Early collection of U.S. sales (3)	-	10,042
Other	1,190	886
TOTAL	225,853	273,614

- (1) The short-term portion, amounting to MUS\$62,905 (MUS\$61,415 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 26).

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\$10,042 (MUS\$12,606 in 2007) is shown in the line Long-term Obligations to Expire within One Year.

20. 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	2,154	2,207
93.383.000-4	Lan Cargo S.A.	370	293
96.575.810-0	Inversiones Lan S.A.	19	9
0-E	Lan Peru S.A.	791	872
96.969.680-0	Lan Pax Group S.A.	40	-170
78.005.760-2	Sociedad de Seguridad Aérea S.A.	-	27
0-E	Lan Chile Investments Limited	-	481
	Total	3,374	3,719

TAX REGISTRATION NUMBER	Company	Minority Interest - Income	
		2008 MUS\$	2007 MUS\$
0-E	Lan Peru S.A.	953	597
0-E	Lan Cargo Overseas Limited	615	-189
96.969.680-0	Lan Pax Group S.A.	-161	1,925
93.383.000-4	Lan Cargo S.A.	-41	-64
96.575.810-0	Inversiones Lan S.A.	-10	-
78.005.760-2	Sociedad de Seguridad Aérea S.A.	-	-26
0-E	Lan Chile Investments Limited	-	-482
	Total	1,356	1,761

21 . 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 September 30, 2008, equal to MUS\$319,141.

b) Employee stock options

A special shareholders meeting of the Parent Company 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 of the Parent Company 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\$4,082, 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 September 30, 2008, contracts had been signed for a total of 1,566,000 stock options.

c) Dividends

At a Regular Board Meeting of the Parent Company held July 29, 2008, payment of an interim dividend of US\$0.28568 per share was approved on account of 2008 fiscal year profits, which was paid in August 2008.

At a Regular Shareholders Meeting of the Parent Company held April 10, 2008, payment of a final dividend of US\$0.63705 per share was approved on account of 2007 fiscal year profits. The interim dividends of US\$0.26596 (paid in August 2007) and US\$0.35389 (paid in January 2008) per share were imputed toward this final dividend, leaving a balance of US\$0.01720 per share pending payment. That payment was made in May 2008.

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\$3.2621 at the close of the period (US\$2.9728 as of September 30, 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	-2,641
Options on cash shares	1,083	-
Total	1,031	-21

- (1) These reserves cannot be distributed but rather only allocated to capitalization.
(2) See Note 25.

21 . Changes in Equity
Changes in Equity

LINES	09/30/2008									09/30/2007								
	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	-215,827	210,000	0	0	0	0	0	0	0	-168,910	115,850	0	0
Capital increase because of cash share issue	0	0	0	0	0	0	0	0	0	319,141	0	0	-2,641	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	1,083	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	218,635	0	0	0	0	0	0	0	0	207,503
Interim dividends	0	0	0	0	0	0	-96,786	0	0	0	0	0	0	0	0	-90,105	0	0
Final balance	453,444	0	0	1,031	0	528,833	-96,786	0	218,635	453,444	0	0	-21	0	436,337	-90,105	0	207,503
Adjusted Balances	--	--	--	--	--	--	--	--	--	453,444	0	0	-21	0	436,337	-90,105	0	207,503

21. 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

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

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

22. 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:		
Fuel hedge	59,895	7,360
Profit on the sale of investments	3,886	-
Gain on the sale of property, plant and equipment	1,055	983
Other	1,105	1,085
TOTAL	65,941	9,428
b) Other non-operating disbursements:		
Provision for investigation by the European Commission and U.S. Department of Justice (1)	50,000	-
Loss on the sale of investments in the LanLogistics, Corp. Group	-	4,252
Other	3,268	1,387
TOTAL	53,268	5,639

(1) Provision set for processes by the European Commission and the U.S. Department of Justice due to eventual unfair commercial practices on the air cargo market.

23. Price-level Restatement
Price-Level Restatement

ASSETS (DEBITS) / CREDITS	ADJUSTMENT INDEX	09/30/2008	09/30/2007
INVENTORIES	0	0	0
PROPERTY, PLANT & EQUIPMENT	CPI	167	248
INVESTMENTS IN RELATED COMPANIES	CPI	510	56
OTHER NON-MONETARY ASSETS	CPI	615	204
EXPENSE AND COST ACCOUNTS	CPI	-1	0
TOTAL (DEBITS) CREDITS	--	1,291	508
LIABILITIES (DEBITS) / CREDITS			
EQUITY	0	0	0
NON-MONETARY LIABILITIES	CPI	-447	-1
INCOME ACCOUNTS	0	0	0
TOTAL (DEBITS) CREDITS	--	-447	-1
(LOSS) PROFIT FROM PRICE-LEVEL RESTATEMENT		844	507

24. Exchange Differentials
Exchange Differentials

LINE	CURRENCY	AMOUNT	
		09/30/2008	09/30/2007
ASSETS (DEBITS) CREDITS			
CASH	EURO	-89	18
CASH	BRAZILIAN REAL	-172	-55
CASH	ARGENTINE PESO	-48	-130
CASH	MEXICAN PESO	45	-37
CASH	NON-ADJUSTABLE PESO	12,827	-677
CASH	OTHER CURRENCIES	-207	-198
TIME DEPOSITS	ADJUSTABLE PESO	-13,345	2,218
TIME DEPOSITS	OTHER CURRENCIES	3,900	-3,104
MARKETABLE SECURITIES	EURO	-139	7
MARKETABLE SECURITIES	ADJUSTABLE PESO	-1,483	-77
MARKETABLE SECURITIES	OTHER CURRENCIES	-382	-25
SALES RECEIVABLES	COLOMBIAN PESO	1,288	288
SALES RECEIVABLES	EURO	2,176	3,735
SALES RECEIVABLES	BRAZILIAN REAL	683	2,079
SALES RECEIVABLES	ARGENTINE PESO	323	-274
SALES RECEIVABLES	AUSTRALIAN DOLLAR	-645	-287
SALES RECEIVABLES	NON-ADJUSTABLE PESO	-13,160	494
SALES RECEIVABLES	OTHER CURRENCIES	380	879
NOTES RECEIVABLE	NON-ADJUSTABLE PESO	-96	-137
NOTES RECEIVABLE	OTHER CURRENCIES	-65	76
SUNDRY RECEIVABLES	EURO	-82	102
SUNDRY RECEIVABLES	BRAZILIAN REAL	-179	329
SUNDRY RECEIVABLES	ARGENTINE PESO	-5	-14
SUNDRY RECEIVABLES	AUSTRALIAN DOLLAR	25	309
SUNDRY RECEIVABLES	NON-ADJUSTABLE PESO	529	1,129
SUNDRY RECEIVABLES	ADJUSTABLE PESO	-143	584
SUNDRY RECEIVABLES	OTHER CURRENCIES	111	543
RECOVERABLE TAXES	BRAZILIAN REAL	-468	284
RECOVERABLE TAXES	ARGENTINE PESO	110	-80
RECOVERABLE TAXES	MEXICAN PESO	-174	-118
RECOVERABLE TAXES	ADJUSTABLE PESO	-2,829	1,078
RECOVERABLE TAXES	OTHER CURRENCIES	194	-80
PREPAID EXPENSES	NON-ADJUSTABLE PESO	-30	2
PREPAID EXPENSES	OTHER CURRENCIES	-4	30
DEFERRED TAXES	MEXICAN PESO	40	-12
DEFERRED TAXES	NEW SOL	-224	47
OTHER CURRENT ASSETS	BRAZILIAN REAL	-67	0
OTHER CURRENT ASSETS	NON-ADJUSTABLE PESO	1,013	-457
OTHER CURRENT ASSETS	ADJUSTABLE PESO	-4	7
OTHER CURRENT ASSETS	OTHER CURRENCIES	26	17
INVESTMENTS IN RELATED COMPANIES	NON-ADJUSTABLE PESO	-1,368	47
INVESTMENTS IN RELATED COMPANIES	ADJUSTABLE PESO	-55	713
INVESTMENTS IN RELATED COMPANIES	OTHER CURRENCIES	11	278
INVESTMENTS IN OTHER COMPANIES	ADJUSTABLE PESO	-84	0
GOODWILL	ARGENTINE PESO	9	-17
LONG-TERM RECEIVABLES	ADJUSTABLE PESO	-48	251

OTHER	NON-ADJUSTABLE PESO	-57	38
OTHER	ADJUSTABLE PESO	-2	6
OTHER	OTHER CURRENCIES	15	15
Total (Debits) Credits		-11,949	9,824
LIABILITIES (DEBITS) / CREDITS			
S/T BANK DEBT	ARGENTINE PESO	0	55
S/T PORTION OF L/T BANK DEBT	NON-ADJUSTABLE PESO	0	-1
DIVIDENDS PAYABLE	ADJUSTABLE PESO	12	-7
ACCOUNTS PAYABLE	EURO	3,544	-60
ACCOUNTS PAYABLE	ARGENTINE PESO	40	44
ACCOUNTS PAYABLE	MEXICAN PESO	222	-10
ACCOUNTS PAYABLE	NEW SOL	275	-375
ACCOUNTS PAYABLE	NON-ADJUSTABLE PESO	-4,963	-5,206
ACCOUNTS PAYABLE	OTHER CURRENCIES	3,541	-1,067
NOTES PAYABLE	BRAZILIAN REAL	3	0
SUNDRY PAYABLES	NON-ADJUSTABLE PESO	58	-17
INTERCOMPANY NOTES AND ACCOUNTS PAYABLE	NON-ADJUSTABLE PESO	1,648	-300
INTERCOMPANY NOTES AND ACCOUNTS PAYABLE	OTHER CURRENCIES	-124	-265
PROVISIONS	BRAZILIAN REAL	195	-237
PROVISIONS	NON-ADJUSTABLE PESO	373	-219
PROVISIONS	OTHER CURRENCIES	-149	-85
WITHHOLDINGS	ARGENTINE PESO	-17	-17
WITHHOLDINGS	NON-ADJUSTABLE PESO	-826	-584
WITHHOLDINGS	ADJUSTABLE PESO	1	-315
WITHHOLDINGS	OTHER CURRENCIES	-687	-18
INCOME TAX	NON-ADJUSTABLE PESO	-66	-21
INCOME TAX	OTHER CURRENCIES	10	-44
PREPAID INCOME	NON-ADJUSTABLE PESO	2,895	8,253
PREPAID INCOME	OTHER CURRENCIES	1,851	-2,269
OTHER CURRENT LIABILITIES	NON-ADJUSTABLE PESO	29	-7
OTHER CURRENT LIABILITIES	OTHER CURRENCIES	96	-9
L/T PROVISIONS	BRAZILIAN REAL	41	-161
L/T PROVISIONS	NON-ADJUSTABLE PESO	608	-225
L/T PROVISIONS	OTHER CURRENCIES	3	-11
L/T DEFERRED TAXES	NEW SOL	5	15
L/T DEFERRED TAXES	OTHER CURRENCIES	64	-371
OTHER L/T LIABILITIES	OTHER CURRENCIES	-2	3
Total (Debits) Credits		8,680	-3,531
Profit (Loss) on Exchange Differential		-3,269	6,293

25. Expenses for share issuance and placement

Expenses for share issuance and placement incurred by the Parent Company as of September 30, 2008 and recorded according to Note 2 y) are as follows:

	MUS\$	MUS\$
	2008	2007
Placement fees	1,671	1,671
Legal assistance	547	547
Accounting assistance	176	176
Financial assistance	129	129
Printing and other expenses	100	100
Filing and registration fees	49	18
Total	2,672	2,641

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.

26. Statements of Cash Flow

Other Financing Disbursements are as follows:

	2008 MUS\$	2007 MUS\$
Securitization (1)	9,536	8,900
Total	9,536	8,900

(1) See Note 19.

27. 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).

27. 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	12,763	0	0	-285	-324
S	CCTE	48,431	II 2010	Interest rate	C	Loan	48,431	11,749	0	0	-259	-295
S	CCTE	50,934	III 2010	Interest rate	C	Loan	50,934	13,347	0	0	-283	-431
S	CCTE	51,462	IV 2010	Interest rate	C	Loan	51,462	14,554	0	0	-304	-413
S	CCTE	58,062	IV 2011	Interest rate	C	Loan	58,062	22,551	0	0	-523	-967
S	CCTE	69,055	III 2012	Interest rate	C	Loan	69,055	30,717	0	0	-685	-1,566
S	CCTE	32,874	IV 2017	Interest rate	C	Loan	32,874	27,022	0	0	-297	-803
S	CCTE	32,874	IV 2017	Interest rate	C	Loan	32,874	27,022	0	0	-309	-854
S	CCTE	33,098	IV 2019	Interest rate	C	Loan	33,098	31,573	0	0	-660	-2,322
S	CCTE	33,219	IV 2019	Interest rate	C	Loan	33,219	31,639	0	0	-534	-2,442
OE	CCTE	12,750	III 2012	Interest rate	C	Loan	12,750	7,603	0	0	-28	-179
OE	CCTE	12,825	IV 2012	Interest rate	C	Loan	12,825	8,122	0	0	-32	-191
OE	CCTE	11,604	I 2013	Interest rate	C	Loan	11,604	7,792	0	0	-23	-111
OE	CCTE	31,530	III 2014	Interest rate	C	Loan	31,530	18,033	0	0	-147	264
OE	CCTE	32,227	IV 2014	Interest rate	C	Loan	32,227	19,432	0	0	-144	-1,065

OE	CCTE	32,182	IV 2014	Interest rate	C	Loan	32,182	19,470	0	0	-140	-1,052
OE	CCTE	31,814	IV 2014	Interest rate	C	Loan	31,814	19,488	0	0	-157	-1,288
OE	CCTE	30,257	IV 2015	Interest rate	C	Plane Lease	30,257	0	0	0	-160	403
OE	CCTE	30,257	IV 2015	Interest rate	C	Plane Lease	30,257	0	0	0	-175	403
OE	CCTE	24,500	III 2016	Interest rate	C	Plane Lease	24,500	0	0	0	-80	-751
OE	CCTE	24,500	IV 2016	Interest rate	C	Plane Lease	24,500	0	0	0	-87	-742
S	CCTE	4,693	II 2010	Interest rate	C	Loan	4,693	2,095	0	0	-23	-36
S	CCTE	4,698	II 2010	Interest rate	C	Loan	4,698	2,098	0	0	-21	-36
S	CCTE	5,317	IV 2010	Interest rate	C	Loan	5,317	2,594	0	0	-27	-48
S	CCTE	5,210	III 2010	Interest rate	C	Loan	5,210	2,397	0	0	-27	-40
S	CCTE	6,757	IV 2011	Interest rate	C	Loan	6,757	4,030	0	0	-40	-105
S	CCTE	5,607	III 2012	Interest rate	C	Loan	5,607	3,696	0	0	-36	-110
S	CCTE	7,489	III 2013	Interest rate	C	Loan	7,489	4,210	0	0	-61	-140
S	CCTE	7,772	IV 2013	Interest rate	C	Loan	7,772	4,453	0	0	-54	-144
S	CCTE	71,383	III 2020	Interest rate	C	Loan	71,383	0	0	0	0	-5,266
S	CCTE	72,396	IV 2020	Interest rate	C	Loan	72,396	0	0	0	0	-2,504
S	CCTE	74,590	I 2015	Interest rate	C	Loan	74,590	0	0	0	0	-2,030
S	CCTE	74,742	I 2015	Interest rate	C	Loan	74,742	0	0	0	0	-1,929
S	CCTE	74,948	I 2015	Interest rate	C	Loan	74,948	0	0	0	0	-1,981
S	CCTE	126,652	IV 2016	Interest rate	C	Loan	126,652	0	0	0	0	-252

S	CCTE	130,452	IV 2017	Interest rate	C	Loan	130,452	0	0	0	0	236
S	CCTE	24,410	III 2020	Interest rate	C	Loan	24,410	0	0	0	0	-1,858
S	CCTE	24,410	III 2020	Interest rate	C	Loan	24,410	0	0	0	0	-1,891
S	CCTE	24,586	IV 2020	Interest rate	C	Loan	24,586	0	0	0	0	-1,784
S	CCTE	24,586	IV 2020	Interest rate	C	Loan	24,586	0	0	0	0	-1,784
S	CCTE	24,586	IV 2020	Interest rate	C	Loan	24,586	0	0	0	0	-1,784
S	CCTE	24,586	IV 2020	Interest rate	C	Loan	24,586	0	0	0	0	-1,784
S	CCTE	24,586	IV 2020	Interest rate	C	Loan	24,586	0	0	0	0	-1,784
S	CCTE	24,586	IV 2020	Interest rate	C	Loan	24,586	0	0	0	0	-1,784
S	CCTE	36,737	IV 2015	Interest rate	C	Loan	36,737	0	0	0	0	-435
S	CCTE	36,737	IV 2015	Interest rate	C	Loan	36,737	0	0	0	0	-435
S	CCTE	36,737	IV 2015	Interest rate	C	Loan	36,737	0	0	0	0	-435
S	CCTE	36,651	I 2016	Interest rate	C	Loan	36,651	0	0	0	0	-237
S	CCTE	36,651	I 2016	Interest rate	C	Loan	36,651	0	0	0	0	-237
S	CCTE	36,651	I 2016	Interest rate	C	Loan	36,651	0	0	0	0	-237
S	CCTE	37,197	III 2016	Interest rate	C	Loan	37,197	0	0	0	0	-204
S	CCTE	37,473	IV 2016	Interest rate	C	Loan	37,473	0	0	0	0	-160
S	CCTE	37,751	II 2017	Interest rate	C	Loan	37,751	0	0	0	0	-92
S	CCTE	32,909	II 2016	Interest rate	C	Loan	32,909	0	0	0	0	-141
S	CCTE	33,153	III 2016	Interest rate	C	Loan	33,153	0	0	0	0	-111
S	CCTE	33,399	IV 2016	Interest rate	C	Loan	33,399	0	0	0	0	-89

S	CCTE	33,399	IV 2017	Interest rate	C	Loan	33,399	0	0	0	0	-89
S	CCTE	33,647	I 2017	Interest rate	C	Loan	33,647	0	0	0	0	-47
S	CCTE	33,647	I 2017	Interest rate	C	Loan	33,647	0	0	0	0	-47
OE	CCTE	4,712	IV 2008	Fuel	C	Fuel Purchase	4,712	0	0	0	0	1,267
OE	CCTE	2,363	IV 2008	Fuel	C	Fuel Purchase	2,363	0	0	0	0	634
OE	CCTE	1,050	IV 2008	Fuel	C	Fuel Purchase	1,050	0	0	0	0	282
OE	CCTE	1,313	IV 2008	Fuel	C	Fuel Purchase	1,313	0	0	0	0	352
OE	CCTE	2,160	IV 2008	Fuel	C	Fuel Purchase	2,160	0	0	0	0	571
OE	CCTE	1,611	IV 2008	Fuel	C	Fuel Purchase	1,611	0	0	0	0	428
OE	CCTE	525	IV 2008	Fuel	C	Fuel Purchase	525	0	0	0	0	141
OE	CCTE	540	IV 2008	Fuel	C	Fuel Purchase	540	0	0	0	0	143
OE	CCTE	2,925	IV 2008	Fuel	C	Fuel Purchase	2,925	0	0	0	0	752
OE	CCTE	13,800	IV 2008	Fuel	C	Fuel Purchase	13,800	0	0	0	0	805
OE	CCTE	13,800	IV 2008	Fuel	C	Fuel Purchase	13,800	0	0	0	0	805
OE	CCTE	7,800	IV 2008	Fuel	C	Fuel Purchase	7,800	0	0	0	0	455
OE	CCTE	7,800	IV 2008	Fuel	C	Fuel Purchase	7,800	0	0	0	0	455
OE	CCTE	7,800	IV 2008	Fuel	C	Fuel Purchase	7,800	0	0	0	0	455
OE	CCTE	7,800	IV 2008	Fuel	C	Fuel Purchase	7,800	0	0	0	0	455
OE	CCTE	6,000	IV 2008	Fuel	C	Fuel Purchase	6,000	0	0	0	0	350
OE	CCTE	4,238	I 2009	Fuel	C	Fuel Purchase	4,238	0	0	0	0	-5,471

OE	CCTE	4,500	I 2009	Fuel	C	Fuel Purchase	4,500	0	0	0	0	-5,031
OE	CCTE	2,250	I 2009	Fuel	C	Fuel Purchase	2,250	0	0	0	0	-2,515
OE	CCTE	2,250	I 2009	Fuel	C	Fuel Purchase	2,250	0	0	0	0	-2,515
OE	CCTE	2,456	I 2009	Fuel	C	Fuel Purchase	2,456	0	0	0	0	-2,183
OE	CCTE	2,438	I 2009	Fuel	C	Fuel Purchase	2,438	0	0	0	0	-2,183
OE	CCTE	5,550	I 2009	Fuel	C	Fuel Purchase	5,550	0	0	0	0	-3,494
OE	CCTE	1,676	I 2009	Fuel	C	Fuel Purchase	1,676	0	0	0	0	-1,048
OE	CCTE	1,125	I 2009	Fuel	C	Fuel Purchase	1,125	0	0	0	0	-698
OE	CCTE	1,665	I 2009	Fuel	C	Fuel Purchase	1,665	0	0	0	0	-1,048
OE	CCTE	1,125	I 2009	Fuel	C	Fuel Purchase	1,125	0	0	0	0	-699
OE	CCTE	5,430	II 2009	Fuel	C	Fuel Purchase	5,430	0	0	0	0	-1,715
OE	CCTE	3,413	II 2009	Fuel	C	Fuel Purchase	3,413	0	0	0	0	-1,072
OE	CCTE	3,458	II 2009	Fuel	C	Fuel Purchase	3,458	0	0	0	0	-1,017
OE	CCTE	5,610	III 2009	Fuel	C	Fuel Purchase	5,610	0	0	0	0	-1,343
OE	CCTE	3,619	III 2009	Fuel	C	Fuel Purchase	3,619	0	0	0	0	-701
OE	CCTE	3,488	III 2009	Fuel	C	Fuel Purchase	3,488	0	0	0	0	-839
OE	CCTE	3,638	IV 2009	Fuel	C	Fuel Purchase	3,638	0	0	0	0	-533
OE	CCTE	3,634	IV 2009	Fuel	C	Fuel Purchase	3,634	0	0	0	0	-533
OE	CCTE	3,619	IV 2009	Fuel	C	Fuel Purchase	3,619	0	0	0	0	-533
OE	CCTE	3,638	IV 2009	Fuel	C	Fuel Purchase	3,638	0	0	0	0	-533

FR	CCPE	5,053	IV 2008	Dollar	C	Time Deposits	5,053	5,053	0	0	497	0
FR	CCPE	5,058	IV 2008	Dollar	C	Time Deposits	5,058	5,058	0	0	243	0
FR	CCPE	5,058	IV 2008	Dollar	C	Time Deposits	5,058	5,058	0	0	225	0
FR	CCPE	10,128	IV 2008	Dollar	C	Time Deposits	10,128	10,128	0	0	520	0
FR	CCPE	10,108	IV 2008	Dollar	C	Time Deposits	10,108	10,108	0	0	505	0
FR	CCPE	5,068	IV 2008	Dollar	C	Time Deposits	5,068	5,068	0	0	234	0
FR	CCPE	5,072	IV 2008	Dollar	C	Time Deposits	5,072	5,072	0	0	252	0
FR	CCPE	10,082	IV 2008	Dollar	C	Time Deposits	10,082	10,082	0	0	495	0
FR	CCPE	10,094	IV 2008	Dollar	C	Time Deposits	10,094	10,094	0	0	488	0
FR	CCPE	10,130	IV 2008	Dollar	C	Time Deposits	10,130	10,130	0	0	508	0
FR	CCPE	10,111	IV 2008	Dollar	C	Time Deposits	10,111	10,111	0	0	589	0
FR	CCPE	5,082	IV 2008	Dollar	C	Time Deposits	5,082	5,082	0	0	295	0
FR	CCPE	5,060	IV 2008	Dollar	C	Time Deposits	5,060	5,060	0	0	227	0
FR	CCPE	10,138	IV 2008	Dollar	C	Time Deposits	10,138	10,138	0	0	451	0
FR	CCPE	10,135	IV 2008	Dollar	C	Time Deposits	10,135	10,135	0	0	442	0
FR	CCPE	5,069	IV 2008	Dollar	C	Time Deposits	5,069	5,069	0	0	136	0
FR	CCPE	5,072	IV 2008	Dollar	C	Time Deposits	5,072	5,072	0	0	172	0
FR	CCPE	5,084	IV 2008	Dollar	C	Time Deposits	5,084	5,084	0	0	72	0
FR	CCPE	10,158	IV 2008	Dollar	C	Time Deposits	10,158	10,158	0	0	96	0
FR	CCPE	10,102	IV 2008	Dollar	C	Time Deposits	10,102	10,102	0	0	152	0

FR	CCPE	5,093	IV 2008	Dollar	C	Time Deposits	5,093	5,093	0	0	-34	0
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28. Contingencies and Restrictions

a) Lawsuits

Lawsuits are presented in attached electronic datasheet Note_28.200809C.89862200.xls.

b) Guarantees, Other Contingencies and Commitments

Other contingencies are presented in attached electronic datasheet Note_28.200809C.89862200.xls.

b.1) Aircraft Leases:

Lessor	Type of Aircraft	Quantity
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
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 Systems 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		41

(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 December 2012, January, July and August 2013, March 2014 and January 2016.

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

MUS\$ 35,752	2008
MUS\$ 164,933	2009
MUS\$ 153,778	2010
MUS\$ 161,874	2011
MUS\$ 185,591	2012
MUS\$ 146,452	2013
MUS\$ 505,275	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 September 30, 2008, as a result of the different purchase agreements with Airbus S.A.S., 22 Airbus aircraft in the A320 family are pending delivery from October 2008 to December 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 767-300ER 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 have been received in the first semester of 2008.

On March 31, 2006, the Parent Company signed an agreement with The Boeing Company for the purchase of three 767-300ER aircraft. The first aircraft was received this year and the two remaining aircraft will be received during the fourth quarter of 2008.

On December 14, 2006, the Parent Company signed an agreement with The Boeing Company for the purchase of three 767-300ER 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 2014 to 2019.

As of September 30, 2008, five 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\$3,900,000.

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 agreement 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.

28. Contingencies and Restrictions Lawsuits

a) Lawsuits					
a1) Lawsuits filed by Lan Airlines S.A. and Subsidiaries					
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.	On October 10, 2008, the court sustained the motion for a summary judgment filed by AAI and ordered payment of the principal, interest and costs of the loans by Variglog. This judgment cannot be appealed and if not performed by Variglog, AAI will proceed with enforcement. AAI's garnishment of Variglog's bank account in Switzerland remains in place.	17,100
a2) Lawsuits against Lan Airlines S.A. and Subsidiaries					
Aerolinhas Brasileira 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 the alleged 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. 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.	No remedies are pending and only the attachment lawsuit must be filed for peso collection of the sum to which the respondents were condemned to pay.	1,013
Lan Airlines S.A.	Labor Court, Buenos Aires, Argentina	--	Labor claim filed by a former Customs Agent alleging a labor relationship with Lan Airlines S.A.	Evidentiary period.	687
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.	535
Lan Airlines S.A.	2 nd Labor Court, Santiago, Chile	354-2008	Claim filed by the Workers Union (Maintenance) of Lan Airlines S.A. seeking payment of salary differentials, based on alleged default of the clause in the collective agreement regulating salary adjustments.	The claim has been served and an answer is pending.	Undetermined
Lan Airlines S.A. Lan Cargo S.A.	U.S Justice Department, European Commission, Canada, New Zealand and South Korea	--	Investigation of alleged antitrust practice of cargo airlines, in particular regarding the fuel surcharge. On December 26, 2007, the Competition Directorate-General of the European Commission notified Lan Cargo S.A. and Lan Airlines 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 in Europe.	Investigation pending. Answer sent on April 14, 2008, to the EC notification.	Undetermined
Lan Cargo S.A. Lan Airlines S.A.	Court with class action jurisdiction in USA and Canada	--	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 Brasileira S.A.	U.S. Justice Department	--	Investigation of alleged antitrust practice of cargo airlines, in particular the fuel surcharge.	Investigation pending.	Undetermined
Aerolinhas Brasileira S.A.	Competent court of USA in order to hear class actions	--	As a result of the investigation of alleged antitrust practice of cargo airlines, in particular the fuel surcharge.	Investigation pending.	Undetermined
Aerolinhas Brasileira S.A.	Administrative Council of Economic Defense	--	Investigation of alleged antitrust practice of cargo airlines, in particular the fuel surcharge.	Investigation pending.	Undetermined

As of September 30, 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 non-operating provision of MUS\$75,000 was established for the case under investigation by the USA and the European Union regarding a possible infringement of the antitrust regulations in relation to a good number of international cargo airlines (including Lan Cargo S.A., a LAN subsidiary) charging fuel and other surcharges on the European and U.S. air cargo markets.

28. Contingencies and Restrictions Direct Guaranties

GUARANTY IN FAVOR OF	DEBTOR		ASSET COMPROMISED		BALANCE DURING FISCAL YEAR AT CLOSE OF FINANCIAL STATEMENTS					RELEASE OF GUARANTIES			
	NAME	RELATIONSHIP	TYPE OF GUARANTY	TYPE	BOOK VALUE	09/30/2008	09/30/2007	09/30/2009	ASSETS	09/30/2010	ASSETS	09/30/2011	ASSETS
WILLINGTON TRUST COMPANY	LAN AIRLINES SA	0	Mortgage	Plane	14,838	30,840	0	0	0	0	0	0	0
WILLINGTON TRUST COMPANY	LAN AIRLINES SA	0	Mortgage	Plane	82,334	70,254	0	0	0	0	0	0	0
WILLINGTON TRUST COMPANY	LAN AIRLINES SA	0	Mortgage	Plane	81,284	69,274	0	0	0	0	0	0	0
WILLINGTON TRUST COMPANY	LAN AIRLINES SA	0	Mortgage	Plane	81,022	66,632	0	0	0	0	0	0	0
WILLINGTON TRUST COMPANY	LAN AIRLINES SA	0	Mortgage	Plane	80,206	72,445	79,612	0	0	0	0	0	0
WILLINGTON TRUST COMPANY	LAN AIRLINES SA	0	Mortgage	Plane	76,574	68,581	76,796	0	0	0	0	0	0
WILLINGTON TRUST COMPANY	LAN AIRLINES SA	0	Mortgage	Plane	78,014	64,595	0	0	0	0	0	0	0
WILLINGTON TRUST COMPANY	LAN AIRLINES SA	0	Mortgage	Plane	77,647	65,012	69,476	0	0	0	0	0	0
WILLINGTON TRUST COMPANY	LAN AIRLINES SA	0	Mortgage	Plane	75,540	63,052	67,376	0	0	0	0	0	0
WILLINGTON TRUST COMPANY	LAN AIRLINES SA	0	Mortgage	Plane	73,327	60,698	65,389	0	0	0	0	0	0
WILLINGTON TRUST COMPANY	LAN AIRLINES SA	0	Mortgage	Plane	73,204	58,876	63,373	0	0	0	0	0	0
WILLINGTON TRUST COMPANY	LAN AIRLINES SA	0	Mortgage	Plane	73,118	60,400	64,916	0	0	0	0	0	0
WILLINGTON TRUST COMPANY	LAN AIRLINES SA	0	Mortgage	Plane	72,079	65,411	71,633	0	0	0	0	0	0
BSP PARIBAS	LAN AIRLINES SA	0	Mortgage	Plane	40,006	34,047	0	0	0	0	0	0	0
BSP PARIBAS	LAN AIRLINES SA	0	Mortgage	Plane	39,529	33,284	0	0	0	0	0	0	0
BSP PARIBAS	LAN AIRLINES SA	0	Mortgage	Plane	37,489	31,718	0	0	0	0	0	0	0
BSP PARIBAS	LAN AIRLINES SA	0	Mortgage	Plane	37,313	31,724	0	0	0	0	0	0	0
BSP PARIBAS	LAN AIRLINES SA	0	Mortgage	Plane	31,257	24,819	0	0	0	0	0	0	0
BSP PARIBAS	LAN AIRLINES SA	0	Mortgage	Plane	30,718	28,307	27,241	0	0	0	0	0	0
BSP PARIBAS	LAN AIRLINES SA	0	Mortgage	Plane	30,607	25,363	27,204	0	0	0	0	0	0
BSP PARIBAS	LAN AIRLINES SA	0	Mortgage	Plane	30,668	25,107	26,928	0	0	0	0	0	0
BSP PARIBAS	LAN AIRLINES SA	0	Mortgage	Plane	30,658	25,124	26,947	0	0	0	0	0	0
BSP PARIBAS	LAN AIRLINES SA	0	Mortgage	Plane	30,622	25,083	26,903	0	0	0	0	0	0
BSP PARIBAS	LAN AIRLINES SA	0	Mortgage	Plane	30,287	25,209	27,104	0	0	0	0	0	0
BSP PARIBAS	LAN AIRLINES SA	0	Mortgage	Plane	30,260	25,241	27,074	0	0	0	0	0	0
BSP PARIBAS	LAN AIRLINES SA	0	Mortgage	Plane	30,166	25,064	26,883	0	0	0	0	0	0
BSP PARIBAS	LAN AIRLINES SA	0	Mortgage	Plane	29,613	24,721	0	0	0	0	0	0	0
BSP PARIBAS	LAN AIRLINES SA	0	Mortgage	Plane	29,370	24,716	0	0	0	0	0	0	0
BSP PARIBAS	LAN AIRLINES SA	0	Mortgage	Plane	29,031	23,749	0	0	0	0	0	0	0
BSP PARIBAS	LAN AIRLINES SA	0	Mortgage	Plane	28,964	23,811	0	0	0	0	0	0	0
BSP PARIBAS	LAN AIRLINES SA	0	Mortgage	Plane	28,900	23,151	0	0	0	0	0	0	0
CALYON	LAN AIRLINES SA	0	Mortgage	Plane	28,372	27,222	29,612	0	0	0	0	0	0
BSP PARIBAS	LAN AIRLINES SA	0	Mortgage	Plane	28,299	23,243	0	0	0	0	0	0	0
CALYON	LAN AIRLINES SA	0	Mortgage	Plane	28,281	27,214	29,592	0	0	0	0	0	0
BSP PARIBAS	LAN AIRLINES SA	0	Mortgage	Plane	28,270	23,664	0	0	0	0	0	0	0
BSP PARIBAS	LAN AIRLINES SA	0	Mortgage	Plane	27,449	22,773	0	0	0	0	0	0	0
BSP PARIBAS	LAN AIRLINES SA	0	Mortgage	Plane	27,448	22,791	0	0	0	0	0	0	0
CALYON	LAN AIRLINES SA	0	Mortgage	Plane	27,311	26,373	28,215	0	0	0	0	0	0
BSP PARIBAS	LAN AIRLINES SA	0	Mortgage	Plane	26,734	22,960	0	0	0	0	0	0	0
CALYON	LAN AIRLINES SA	0	Mortgage	Plane	26,318	26,399	28,393	0	0	0	0	0	0
BSP PARIBAS	LAN AIRLINES SA	0	Mortgage	Plane	26,204	22,559	23,680	0	0	0	0	0	0
CALYON	LAN AIRLINES SA	0	Mortgage	Plane	26,059	25,708	27,520	0	0	0	0	0	0
BSP PARIBAS	LAN AIRLINES SA	0	Mortgage	Plane	26,030	21,863	23,362	0	0	0	0	0	0
CALYON	LAN AIRLINES SA	0	Mortgage	Plane	25,826	26,325	28,248	0	0	0	0	0	0
OPA GROUP PLC	LAN AIRLINES SA	0	Pledge	Spare parts	331	0	0	0	0	0	0	0	0
BVA	INMOBILIARIA	0	Mortgage	Building	0	0	7,300	0	0	0	0	0	0

28. Contingencies and Restrictions Indirect Guaranties

	NAME	RELATIONSHIP	TYPE OF GUARANTY	TYPE	BOOK VALUE	AT CLOSE OF FINANCIAL STATEMENTS				ASSETS	ASSETS	ASSETS	ASSETS
						09-30-2008	09-30-2007	09-30-2009	09-30-2010				
WELLS FARGO BANK NORTHWEST, NATIONAL ASSOCIATION AND EXIMBANK	LAN CARGO S.A.	SUBSIDIARY	Surety and joint and several debt	0	0	53,186	59,436	0	0	0	0	0	0
WELLS FARGO BANK NORTHWEST, NATIONAL ASSOCIATION AND EXIMBANK	LAN CARGO S.A.	SUBSIDIARY	Surety and joint and several debt	0	0	51,883	58,061	0	0	0	0	0	0
CITIBANK N.A. BAHRAIN BRANCH WEST DEUTCHE LANDESBANK GIROZET	LAN CARGO S.A.	SUBSIDIARY	Surety and joint and several debt	0	0	46,265	51,716	0	0	0	0	0	0
WELLS FARGO BANK NORTHWEST, NATIONAL ASSOCIATION AND EXIMBANK	LAN AIRLINES S.A.	PARENT COMPANY	Surety and joint and several debt	0	0	33,157	38,113	0	0	0	0	0	0
WELLS FARGO BANK NORTHWEST, NATIONAL ASSOCIATION AND EXIMBANK	LAN AIRLINES S.A.	PARENT COMPANY	Surety and joint and several debt	0	0	26,693	33,970	0	0	0	0	0	0
WELLS FARGO BANK NORTHWEST, NATIONAL ASSOCIATION AND EXIMBANK	LAN AIRLINES S.A.	PARENT COMPANY	Surety and joint and several debt	0	0	15,754	22,980	0	0	0	0	0	0
WELLS FARGO BANK NORTHWEST, NATIONAL ASSOCIATION AND EXIMBANK	LAN AIRLINES S.A.	PARENT COMPANY	Surety and joint and several debt	0	0	14,941	22,916	0	0	0	0	0	0
WELLS FARGO BANK NORTHWEST, NATIONAL ASSOCIATION AND EXIMBANK	LAN AIRLINES S.A.	PARENT COMPANY	Surety and joint and several debt	0	0	13,925	21,352	0	0	0	0	0	0
CELESTIAL AVIATION TRADING 16 LIMITED	LAN CARGO S.A.	SUBSIDIARY	Surety and joint and several debt	0	0	0	3,500	0	0	0	0	0	0

28. Contingencies and Restrictions
Other Contingencies

b) Other contingencies

<u>Guaranty in favor of</u>	<u>GUARANTIES</u>			
	<u>Debtor Name</u>	<u>Type</u>	<u>Book Value</u>	<u>Release Date</u>
			MUS\$	
Government of Chile (Customs)	Lan Airlines S.A.	52 letters in guarantee	20,687	To the order
Orix Aviation System Limited	Lan Airlines S.A.	Two letters of credit	6,520	05-may-09
GE Commercial Aviation Services Limited	Lan Cargo S.A.	Two letters of Credit	5,060	30-June-09
Government of Chile (Civil Aviation Board)	Lan Airlines S.A.	44 bank bonds	4,365	1-December-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	22-November-08
Celestial Aviation Trading 16 Limited	Lan Cargo S.A.	Two letters of Credit	3,500	25-April-09
The Bank of New York	Lan Airlines S.A.	Letter of Credit	3,465	30-August-09
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-09
United Technologies International Corporation, Pratt & Whitney Division	Lan Airlines S.A.	Letter of Credit	2,750	30-August-09
Celestial Aviation Trading 35 Limited	Lan Airlines S.A.	Letter of Credit	2,500	13-June-09
Washington International Insurance	Lan Airlines S.A.	Four letters of Credit	1,800	10-December-08
Air Canada	Lan Airlines S.A.	Letter of Credit	1,800	30-July-09
Metropolitan Dade County	Lan Airlines S.A.	Five letters of Credit	1,504	31-may-09
Atlas Air Inc.	Lan Airlines S.A.	Letter of Credit	1,500	7-October-08

29. Third-Party Security

Third-Party Security are presented in the attached electronic spreadsheet Note_29.200809C.89862200.xls.

29. Third-Party Security

Type of guarantee	Granted by	Type of transaction	Type of relationship	Amount	
				2008 MUS\$	2007 MUS\$
Letter of credit	Aerovias de Mexico S.A.	Aircraft lease	Client	2,000	2,620
Cash Deposit	Aerovias de Mexico S.A.	Aircraft lease	Client	620	--

**30. Local and Foreign Currency
Assets**

LINE	CURRENCY	AMOUNT	
		09/30/2008	09/30/2007
Current Assets			
CASH	EURO	1,282	957
CASH	BRAZILIAN REAL	1,456	784
CASH	ARGENTINE PESO	2,257	1,360
CASH	MEXICAN PESO	3	78
CASH	DOLLAR	4,267	3,021
CASH	NON-ADJUSTABLE PESOS	1,993	1,512
CASH	OTHER CURRENCIES	1,779	1,072
TIME DEPOSITS	ARGENTINE PESO	963	0
TIME DEPOSITS	NEW SOL	118	0
TIME DEPOSITS	DOLLAR	170,723	167,604
TIME DEPOSITS	ADJUSTABLE PESOS	148,541	111,687
TIME DEPOSITS	OTHER CURRENCIES	20,713	21,058
MARKETABLE SECURITIES	EURO	1,125	1,213
MARKETABLE SECURITIES	ARGENTINE PESO	8,095	282
MARKETABLE SECURITIES	DOLLAR	54,149	77,102
MARKETABLE SECURITIES	ADJUSTABLE PESOS	11,444	1,221
MARKETABLE SECURITIES	OTHER CURRENCIES	4,299	0
SALES RECEIVABLES	COLOMBIAN PESO	3,883	8,185
SALES RECEIVABLES	EURO	25,070	12,913
SALES RECEIVABLES	BRAZILIAN REAL	13,948	12,746
SALES RECEIVABLES	ARGENTINE PESO	16,451	14,132
SALES RECEIVABLES	AUSTRALIAN DOLLAR	17,458	3,470
SALES RECEIVABLES	JAPANESE YEN	2,856	409
SALES RECEIVABLES	NEW SOL	268	0
SALES RECEIVABLES	DOLLAR	188,642	155,563
SALES RECEIVABLES	NON-ADJUSTABLE PESOS	45,771	34,523
SALES RECEIVABLES	OTHER CURRENCIES	7,849	5,370
NOTES RECEIVABLE	EURO	493	483
NOTES RECEIVABLE	BRAZILIAN REAL	209	213
NOTES RECEIVABLE	ARGENTINE PESO	226	221
NOTES RECEIVABLE	DOLLAR	2	13
NOTES RECEIVABLE	NON-ADJUSTABLE PESOS	808	3,752
NOTES RECEIVABLE	OTHER CURRENCIES	329	386
SUNDRY RECEIVABLES	EURO	752	2,346
SUNDRY RECEIVABLES	BRAZILIAN REAL	2,299	1,804
SUNDRY RECEIVABLES	ARGENTINE PESO	963	4,291
SUNDRY RECEIVABLES	MEXICAN PESO	244	238
SUNDRY RECEIVABLES	NEW SOL	1,190	0
SUNDRY RECEIVABLES	DOLLAR	165,529	177,046

SUNDRY RECEIVABLES	NON-ADJUSTABLE PESOS	4,113	3,761
SUNDRY RECEIVABLES	ADJUSTABLE PESOS	4,359	3,704
SUNDRY RECEIVABLES	OTHER CURRENCIES	1,174	750
INTERCOMPANY NOTES AND ACCOUNTS RECEIVABLE	DOLLAR	1,310	8,220
INTERCOMPANY NOTES AND ACCOUNTS RECEIVABLE	NON-ADJUSTABLE PESOS	126	202
INTERCOMPANY NOTES AND ACCOUNTS RECEIVABLE	OTHER CURRENCIES	37	0
INVENTORIES	EURO	65	0
INVENTORIES	DOLLAR	68,661	57,836
INVENTORIES	OTHER CURRENCIES	330	327
RECOVERABLE TAXES	EURO	121	19
RECOVERABLE TAXES	BRAZILIAN REAL	5,048	2,905
RECOVERABLE TAXES	NEW ZEALAND DOLLAR	1,411	0
RECOVERABLE TAXES	ARGENTINE PESO	14,062	13,401
RECOVERABLE TAXES	NEW ZEALAND DOLLAR	677	0
RECOVERABLE TAXES	MEXICAN PESO	11,746	7,875
RECOVERABLE TAXES	DOLLAR	39,395	10,966
RECOVERABLE TAXES	ADJUSTABLE PESOS	17,572	11,785
RECOVERABLE TAXES	OTHER CURRENCIES	3,325	2,810
PREPAID EXPENSES	DOLLAR	16,411	17,723
PREPAID EXPENSES	NON-ADJUSTABLE PESOS	965	188
PREPAID EXPENSES	OTHER CURRENCIES	753	321
DEFERRED TAXES	MEXICAN PESO	337	1,037
DEFERRED TAXES	NEW SOL	3,318	1,078
DEFERRED TAXES	DOLLAR	2,962	6,529
DEFERRED TAXES	ADJUSTABLE PESOS	277	498
OTHER CURRENT ASSETS	EURO	190	230
OTHER CURRENT ASSETS	DOLLAR	65,954	15,304
OTHER CURRENT ASSETS	NON-ADJUSTABLE PESOS	67	73
OTHER CURRENT ASSETS	ADJUSTABLE PESOS	89	0
OTHER CURRENT ASSETS	OTHER CURRENCIES	880	503
Property, plant and equipment			
LAND	NEW SOL	3,734	0
LAND	DOLLAR	21,865	10,739
BUILDINGS & INFRASTRUCTURE	BRAZILIAN REAL	31	820
BUILDINGS & INFRASTRUCTURE	ARGENTINE PESO	1,399	1,462
BUILDINGS & INFRASTRUCTURE	MEXICAN PESO	360	459
BUILDINGS & INFRASTRUCTURE	NEW SOL	3,016	1,575
BUILDINGS & INFRASTRUCTURE	DOLLAR	68,699	66,554
BUILDINGS & INFRASTRUCTURE	ADJUSTABLE PESOS	2,364	4,122
BUILDINGS & INFRASTRUCTURE	OTHER CURRENCIES	0	21
MACHINERY AND EQUIPMENT	BRAZILIAN REAL	423	503
MACHINERY AND EQUIPMENT	ARGENTINE PESO	2,391	1,535

MACHINERY AND EQUIPMENT	MEXICAN PESO	113	276
MACHINERY AND EQUIPMENT	NEW SOL	3,821	1,516
MACHINERY AND EQUIPMENT	DOLLAR	2,299,139	1,409,622
MACHINERY AND EQUIPMENT	ADJUSTABLE PESOS	1,121	764
MACHINERY AND EQUIPMENT	OTHER CURRENCIES	50	41
OTHER FIXED ASSETS	BRAZILIAN REAL	119	94
OTHER FIXED ASSETS	ARGENTINE PESO	534	497
OTHER FIXED ASSETS	MEXICAN PESO	125	0
OTHER FIXED ASSETS	NEW SOL	575	488
OTHER FIXED ASSETS	DOLLAR	440,668	466,461
OTHER FIXED ASSETS	NON-ADJUSTABLE PESOS	398	0
OTHER FIXED ASSETS	ADJUSTABLE PESOS	0	194
OTHER FIXED ASSETS	OTHER CURRENCIES	25	8
Other assets			
INVESTMENTS IN RELATED COMPANIES	NON-ADJUSTABLE PESOS	1,362	1,521
INVESTMENTS IN OTHER COMPANIES	DOLLAR	506	506
INVESTMENTS IN OTHER COMPANIES	ADJUSTABLE PESOS	0	1,238
GOODWILL	ARGENTINE PESO	547	577
GOODWILL	DOLLAR	32,666	36,217
LONG-TERM RECEIVABLES	MEXICAN PESO	122	0
LONG-TERM RECEIVABLES	DOLLAR	8,776	2,536
LONG-TERM RECEIVABLES	ADJUSTABLE PESOS	2,527	3,081
L/T NOTES AND ACCOUNTS RECEIVABLE	DOLLAR	251	0
INTANGIBLES	BRAZILIAN REAL	3	0
INTANGIBLES	DOLLAR	28,770	23,453
INTANGIBLES	NON-ADJUSTABLE PESOS	0	955
OTHER	ARGENTINE PESO	611	597
OTHER	DOLLAR	281,204	365,310
OTHER	NON-ADJUSTABLE PESOS	304	17
OTHER	ADJUSTABLE PESOS	76	75
OTHER	OTHER CURRENCIES	138	360
Total Assets			
-	EURO	29,098	18,161
-	BRAZILIAN REAL	25,536	19,869
-	ARGENTINE PESO	48,499	38,355
-	MEXICAN PESO	13,050	9,963
-	DOLLAR	3,960,549	3,078,325
-	NON-ADJUSTABLE PESOS	55,907	46,504
-	OTHER CURRENCIES	41,681	33,027
-	NEW SOL	16,040	4,657
-	ADJUSTABLE PESOS	188,370	138,369
-	COLOMBIAN PESO	3,883	8,185

-	AUSTRALIAN DOLLAR	18,135	3,470
-	JAPANESE YEN	2,856	409
-	NEW ZEALAND DOLLAR	1,411	0

30. National and Foreign Currency Current Liabilities

LINE	CURRENCY	OUT TO 90 DAYS				90 DAYS TO ONE YEAR			
		09/30/2008		09/30/2007		09/30/2008		09/30/2007	
		AMOUNT	AVERAGE ANNUAL INTEREST RATE	AMOUNT	AVERAGE ANNUAL INTEREST RATE	AMOUNT	AVERAGE ANNUAL INTEREST RATE	AMOUNT	AVERAGE ANNUAL INTEREST RATE
S/T PORTION OF L/T BANK DEBT	DOLLAR	40,383	L+1.2066%	25,305	5.3451%	96,240	L+1.2066%	58,019	5.3451%
L/T DEBT TO EXPIRE IN ONE YEAR	DOLLAR	3,290	6.96%	3,070	6.96%	6,752	6.96%	9,536	6.96%
L/T DEBT TO EXPIRE IN ONE YEAR	DOLLAR	16,608	L+1.1104%	16,851	5.7092%	46,297	L+1.1104%	44,564	5.7092%
DIVIDENDS PAYABLE	DOLLAR	261	0	0	0	0	0	0	0
DIVIDENDS PAYABLE	NON-ADJUSTABLE PESOS	0	0	174	0	0	0	0	0
ACCOUNTS PAYABLE	COLOMBIAN PESO	0	0	0	0	582	0	0	0
ACCOUNTS PAYABLE	EURO	5,013	0	4,731	0	2,335	0	1,907	0
ACCOUNTS PAYABLE	BRAZILIAN REAL	5,439	0	969	0	9,719	0	2,014	0
ACCOUNTS PAYABLE	ARGENTINE PESO	12,655	0	13,409	0	878	0	1,504	0
ACCOUNTS PAYABLE	BOLIVAR	1,784	0	0	0	78	0	0	0
ACCOUNTS PAYABLE	MEXICAN PESO	5,160	0	7,978	0	251	0	142	0
ACCOUNTS PAYABLE	NEW SOL	1,578	0	0	0	16,837	0	0	0
ACCOUNTS PAYABLE	DOLLAR	127,518	0	81,074	0	125,213	0	97,394	0
ACCOUNTS PAYABLE	NON-ADJUSTABLE PESOS	22,668	0	33,554	0	16,208	0	10,795	0
ACCOUNTS PAYABLE	ADJUSTABLE PESOS	26	0	1,419	0	72	0	28	0
ACCOUNTS PAYABLE	OTHER CURRENCIES	870	0	5,016	0	1,647	0	14,467	0
INTERCOMPANY NOTES AND ACCOUNTS PAYABLE	DOLLAR	0	0	34	0	180	0	25	0
INTERCOMPANY NOTES AND ACCOUNTS PAYABLE	NON-ADJUSTABLE PESOS	0	0	69	0	0	0	0	0
PROVISIONS	BRAZILIAN REAL	0	0	0	0	1,459	0	2,059	0
PROVISIONS	NEW SOL	0	0	0	0	0	0	3,783	0
PROVISIONS	DOLLAR	3,597	0	45,355	0	77,420	0	32,783	0
PROVISIONS	NON-ADJUSTABLE PESOS	1,798	0	3,107	0	6,557	0	6,652	0
PROVISIONS	OTHER CURRENCIES	22	0	1,962	0	0	0	243	0
WITHHOLDINGS	BRAZILIAN REAL	0	0	5	0	651	0	520	0
WITHHOLDINGS	ARGENTINE PESO	1,208	0	275	0	0	0	0	0
WITHHOLDINGS	MEXICAN PESO	109	0	104	0	0	0	0	0
WITHHOLDINGS	NEW SOL	1,219	0	271	0	0	0	0	0
WITHHOLDINGS	DOLLAR	24,283	0	45,990	0	23,635	0	3,736	0
WITHHOLDINGS	NON-ADJUSTABLE PESOS	10,148	0	7,280	0	177	0	135	0
WITHHOLDINGS	ADJUSTABLE PESOS	20	0	910	0	0	0	0	0
WITHHOLDINGS	OTHER CURRENCIES	25	0	432	0	0	0	0	0
INCOME TAX	ARGENTINE PESO	12	0	0	0	0	0	0	0
INCOME TAX	MEXICAN PESO	0	0	55	0	0	0	127	0
INCOME TAX	NEW SOL	198	0	0	0	0	0	191	0
INCOME TAX	DOLLAR	531	0	1,035	0	3,637	0	218	0
INCOME TAX	NON-ADJUSTABLE PESOS	11	0	185	0	0	0	2,438	0
PREPAID INCOME	DOLLAR	359,385	0	227,869	0	27,354	0	43,906	0
OTHER CURRENT LIABILITIES	DOLLAR	3,604	0	9,368	0	37,996	0	0	0
OTHER CURRENT LIABILITIES	NON-ADJUSTABLE PESOS	233	0	110	0	4	0	2	0
OTHER CURRENT LIABILITIES	OTHER CURRENCIES	41	0	36	0	0	0	3	0
Total Current Liabilities									
--	DOLLAR	579,460	--	455,951	--	444,124	--	290,181	--
--	NON-ADJUSTABLE PESOS	34,858	--	44,479	--	22,946	--	20,022	--
--	COLOMBIAN PESO	0	--	0	--	582	--	0	--
--	EURO	5,013	--	4,731	--	2,335	--	1,907	--
--	BRAZILIAN REAL	5,439	--	974	--	11,829	--	4,593	--
--	ARGENTINE PESO	13,875	--	13,684	--	878	--	1,504	--
--	BOLIVAR	1,784	--	0	--	78	--	0	--
--	MEXICAN PESO	5,269	--	8,137	--	251	--	269	--
--	NEW SOL	2,995	--	271	--	16,837	--	3,974	--
--	ADJUSTABLE PESOS	46	--	2,329	--	72	--	28	--
--	OTHER CURRENCIES	958	--	7,446	--	1,647	--	14,713	--

30. Local and Foreign Currency
Long-term liabilities (current period) as of 09/30/2008

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	320,019	L+1.2066%	296,683	L+1.2066%	777,489	L+1.2066%	170,223	L+1.2066%
LONG-TERM PROVISIONS	BRAZILIAN REAL	688	0	0	0	0	0	0	0
LONG-TERM PROVISIONS	MEXICAN PESO	414	0	0	0	0	0	0	0
LONG-TERM PROVISIONS	NEW SOL	325	0	0	0	0	0	0	0
LONG-TERM PROVISIONS	DOLLAR	109,226	0	22,357	0	7,499	0	0	0
LONG-TERM PROVISIONS	NON-ADJUSTABLE PESOS	6,508	0	108	0	28	0	0	0
LONG-TERM PROVISIONS	OTHER CURRENCIES	100	0	0	0	0	0	0	0
LONG-TERM DEFERRED TAXES	DOLLAR	1,302	0	0	0	0	0	204,386	0
OTHER LONG-TERM LIABILITIES	DOLLAR	96,634	L+1.1104%	63,480	L+1.1104%	14,005	L+1.1104%	18,780	L+1.1104%
OTHER LONG-TERM LIABILITIES	DOLLAR	20,384	0	10,313	0	1,239	0	124	0
OTHER LONG-TERM LIABILITIES	NON-ADJUSTABLE PESOS	3	0	0	0	0	0	0	0
OTHER LONG-TERM LIABILITIES	OTHER CURRENCIES	891	0	0	0	0	0	0	0
Total long-term liabilities									
--	DOLLAR	547,565	--	392,833	--	800,232	--	393,513	--
--	BRAZILIAN REAL	688	--	0	--	0	--	0	--
--	MEXICAN PESO	414	--	0	--	0	--	0	--
--	NEW SOL	325	--	0	--	0	--	0	--
--	NON-ADJUSTABLE PESOS	6,511	--	108	--	28	--	0	--
--	OTHER CURRENCIES	991	--	0	--	0	--	0	--

30. Local and Foreign Currency
Long-term liabilities (previous period) as of 09/30/2007

		AMOUNT	AVERAGE	AMOUNT	AVERAGE	AMOUNT	AVERAGE	AMOUNT	AVERAGE
			ANNUAL		ANNUAL		ANNUAL		ANNUAL
			INTEREST		INTEREST		INTEREST		INTEREST
			RATE		RATE		RATE		RATE
BANK DEBT	DOLLAR	277,155	5.3451%	180,223	5.3451%	457,073	5.3451%	109,705	5.3451%
LONG-TERM PROVISIONS	BRAZILIAN REAL	1,045	0	0	0	0	0	0	0
LONG-TERM PROVISIONS	DOLLAR	29,636	0	17,083	0	5,755	0	0	0
LONG-TERM PROVISIONS	NON-ADJUST ABLE PESOS	6,510	0	172	0	50	0	0	0
LONG-TERM PROVISIONS	OTHER CURRENCIES	657	0	0	0	0	0	0	0
LONG-TERM DEFERRED TAXES	DOLLAR	19	0	0	0	0	0	154,172	0
LONG-TERM DEFERRED TAXES	NON-ADJUST ABLE PESOS	0	0	0	0	0	0	355	0
OTHER LONG-TERM LIABILITIES	DOLLAR	122,013	5.7092%	79,105	5.7092%	30,411	5.7092%	15,600	5.7092%
OTHER LONG-TERM LIABILITIES	DOLLAR	10,042	6.96%	0	0	0	0	0	0
OTHER LONG-TERM LIABILITIES	DOLLAR	12,869	0	3,500	0	0	0	0	0
OTHER LONG-TERM LIABILITIES	OTHER CURRENCIES	74	0	0	0	0	0	0	0
Total long-term liabilities									
--	DOLLAR	451,734	--	279,911	--	493,239	--	279,477	--
--	BRAZILIAN REAL	1,045	--	0	--	0	--	0	--
--	NON-ADJUST ABLE PESOS	6,510	--	172	--	50	--	355	--
--	OTHER CURRENCIES	731	--	0	--	0	--	0	--

31. Sanctions

a) By the Superintendency of Securities and Insurance

By Exempt Resolution No. 306, dated July 6, 2007, the Superintendency applied a fine of 1,620 Unidades de Fomento to Mr. Juan Jose Cueto Plaza, director 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 the first subparagraph of article 165 of Law 18,045. The Superintendency said that it considered that there was no use of privileged information since it was proven that knowing that information did not result in these transactions. An appeal was filed against this Resolution before the 27th Civil Court of Santiago and the parties were convened to hear the decision on the appeal.

No other sanctions have been applied to the Parent Company and its subsidiaries, or its directors or managers by the Superintendency of Securities and Insurance as of September 30, 2008.

b) By other administrative authorities

No other significant sanctions have been applied to the Parent Company and its subsidiaries, or to its Directors or Managers by other administrative authorities as of September 30, 2008.

32. Subsequent Events

a) From September 30, 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.

33. The Environment

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

34. Prepaid Expenses

This line breaks down as follows:

	2008	2007
	MUS\$	MUS\$
Aviation insurance and other insurance	9,170	8,030
Plane lease (1)	4,418	5,629
Plane re-delivery (2)	1,680	1,939
Unused advertising	1,406	695
Offices abroad	390	514
Other	1,065	1,425
Total	18,129	18,232

(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.

35. ACCOUNTS PAYABLE

This line breaks down as follows:

	2008 MUS\$	2007 MUS\$
Fuel	128,249	74,736
Airport and overflight fees	33,047	26,721
Handling and ground handling	24,541	16,287
Technical purchases	23,016	26,525
Plane and engine leases	18,452	8,024
Goal performance of agencies	17,097	16,249
Crew	15,104	15,173
Professional assistance and services	12,884	8,407
Distribution systems	10,289	4,189
On-board services	9,628	11,823
Advertising	9,448	6,924
Aviation insurance and other insurance	6,819	6,560
Communications	4,301	2,896
Materials and maintenance services	537	108
General maintenance	208	1,043
Interline accounts	156	2,003
Other suppliers	42,755	48,733
Total	356,531	276,401

MATERIAL EVENTS

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

1. On July 29, 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 July 29, 2008, the Board of Lan Airlines S.A. approved payment of an interim dividend of 0.28568 per share on account of profits from the 2008 fiscal year, which will be paid starting August 21, 2008. All shareholders who are shareholders on the fifth business day prior to this date will be entitled to payment.
2. On April 10, 2008, by virtue of the provisions in article 9 and subparagraph 2 of article 10 of Law No. 18,045, 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. Ramón Eblen Kadis.

3. 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.

4. 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.

5. 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 air 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.

6. 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.

EXPLANATORY ANALYSIS

A comparative analysis and explanation of the principal trends:

1. Consolidated General Balance Sheet

At the closing of the third quarter of 2008, total assets of the Parent Company and its subsidiaries had risen MUS\$1,003,721 compared to the same period in the previous year, equal, percentage-wise, to 29.5%.

Current assets of the Parent Company and subsidiaries rose by MUS\$199,082 (20.0%) compared to the same period in the previous year. The principal upward variations were in Sales Receivables (30.3%), Other Current Assets (317.0%), as a result of the fuel hedging agreements, Cash, Time Deposits and Marketable Securities, all with a 11.4% increase, Recoverable Taxes (87.6%) and Inventories (18.7%). The main decrease was in Sundry Receivables (6.9%).

The liquidity ratio of the Parent Company and its subsidiaries dropped 8.8%, going from 1.14 in 2007 to 1.04 in 2008. Current assets grew 20.0% while Current Liabilities grew 31.5%. The acid-test ratio also varied downwards (15.3%), going from 0.44 in 2007 to 0.38 in 2008.

Property, plant and equipment, which totaled MUS\$2,850,970, increased a net 44.9% compared to the same period in the previous year when it was MUS\$1,967,751. This change is due mainly to the increase in Machinery and Equipment as a result of the addition of eleven Airbus A318 aircraft, four Airbus A320 aircraft and five Boeing 767 aircraft for passenger transport, the incorporation of 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\$436,443 in 2007 to MUS\$357,863 in 2008, equal to a rise of 18.0%. The main variations came from the decrease in Others (22.9%).

The current liabilities of the Parent Company and its subsidiaries rose MUS\$276,083 (31.5%), closing at MUS\$1,151,276 in this period of 2008. The variation is due mainly to the increase in Other Current Liabilities (339.9%), because of the rise in unrealized amounts under derivative agreements, in the Short-Term Portion of Long-Term Bank Debt (64.0%), Accounts Payable (29.0%) and Prepaid Income (42.3%).

The short-term debt ratio of the Parent Company and its subsidiaries increased 19.9%, going from 0.87 times in 2007 to 1.04 times in 2008, while its share as compared to total debt increased by 4.6%, going from 34.6% in 2007 to 34.9% in 2008.

Long-term liabilities increased MUS\$629,984 (41.6%), to close at MUS\$2,143,208 in the this period of 2008. This variation mainly comes from the increase in Provisions (141.8%), Bank Debt (52.8%) to finance the purchase of aircraft and the decrease in Other Long-Term Liabilities (17.5%).

At the close of this period in 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 increased 29.1%, going from 1.50 in 2007 to 1.94 in 2008, while its share compared to total debt decreased 2.7%, going from 63.4% in 2007 to 65.1% in 2008.

The total debt-equity ratio of the Parent Company and its subsidiaries increased 25.7%, going from 2.37 in 2007 to 2.98 in 2008.

The variation in Equity is due mainly to the results obtained in the 2007 fiscal year and in this period of 2008, and to the payment of final dividends against 2007 fiscal year profits and interim dividends in 2008.

2. Consolidated Income Statement

The net profit as of September 30, 2008 totaled MUS\$218,635, which meant a variation of MUS\$11,132, equal to 5.4% as compared to the same period in the previous year. Operating profit was MUS\$303,845, an increase of 7.9% as compared to the same period in the previous fiscal year, equal to MUS\$22,358. This increase was due mainly to the increase in passenger and cargo demand on the different markets in which the Company does business. Those operations were adversely affected by a dramatic increase in the fuel price affecting the industry in general. Moreover, non-operating income increased MUS\$9,702 in 2008 as compared to the drop of MUS\$35,224 in the same period in the previous year.

Operating income rose 35.3% compared to the same period in 2007, to MUS\$3,354,935. This variation is due to the 33.7% rise in passenger revenues, 44.5% rise in cargo revenues, offset by a 5.0% decrease in other revenues.

The increase of MUS\$523,520 in passenger income, equal to a variation of 33.7%, was due to the growth in international traffic as well as in the different domestic businesses. International traffic increased 13.0%, equal to approximately 1,499,000 passengers, thanks to the expansion of long-range routes and to the development of regional operations, specially in Peru and Argentina.

Cargo revenues rose by 44.5% (MUS\$358,553), mainly because of the 11.8% rise in traffic (measured in RTK). The markets that are growing the most are the import markets, in particular the Brazilian and American markets.

Operating costs plus Selling, General and Administrative Expenses totaled MUS\$3,051,090, which represents a cost increase of 38.9%, equal to MUS\$853,747, compared to the same period in the previous year. This is due mainly to an 10.0% 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\$509,665, equal to 80.2%, 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\$440,383 and to the increase in consumption as a result of the growth in operations.
- b) Payroll Expenses rose 32.4%, equal to MUS\$113,237, in line with the growth in operations and the effect of the exchange rate and the CPI.
- c) Other Operating Expenses rose 20.7%, equal to MUS\$54,529. This rise corresponded to an increase in operations and associated costs, basically in reservations because of the increase in the number of passengers and in sales and marketing expenses.

- d) Fees increased MUS\$76,785, equal to 26.7%, mainly due to the increase in cargo and passenger fees, offset by a drop in commissions in both businesses.
- e) Plane landing costs and other expenses climbed 27.8%, equal to MUS\$72,910. This increase in costs was mainly due to the increase in operations, reflected mainly by a rise in the variable costs of leasing planes and airport and overflight fees and handling costs.
- f) Depreciation and Amortization expenses increased 17.2%, totaling MUS\$19,174 in 2008, due mainly to the addition to the fleet of eleven A318, five Boeing 767 aircraft and four Airbus A320, partially offset by the retirement of two Boeing 737 aircraft.
- g) Maintenance costs dropped MUS\$1,125, equal to 1.0%, due mainly to the retirement of Boeing 737 planes.

Non-operating income dropped by MUS\$9,702 in comparison to the loss of MUS\$35,224 in the same period in 2007, totaling a net loss of MUS\$44,926 thus far in 2008.

This effect can be explained mainly by increases in Other Non-Operating Expenses, which varied by MUS\$47,629 as compared to the same period in the previous year. It totals MUS\$53,268 thus far in 2008. This figure includes a provision for US\$50 million in relation to the current global investigation underway in USA and in the European Union relating to several international cargo airlines, one of them LAN CARGO S.A., a cargo subsidiary of LAN, on the cargo transportation markets of Europe and USA. Moreover, Interest Expense increased MUS\$11,720, totaling a net loss of MUS\$67,810, which was offset by an increase in Other Non-Operating Income amounting to MUS\$56,513.

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 increased MUS\$47,026 compared to the same period in the previous fiscal year, mainly due to the net effect of higher Collection of Sales Receivable (29.7%) and an increase in Supplier Payments and Payroll (32.9%). This flow was also affected by the increase in Other Income Received (471.1%), which was offset by higher disbursements of Other Expenses Paid (409.0%).

The finance flow fell by MUS\$14,782 as compared to the same period in the previous year, due mainly to the cash share placement in the previous period amounting to MUS\$319,141. This was partially offset by the increase in Loans Obtained (73.6%) and the drop in loan payments (59.8%).

The investment flow varied negatively by MUS\$225,860 as compared to the same period of the previous year, due mainly to the increase in the Addition of Fixed Assets (59.2%), as a result of the addition of Fixed Assets (59.2%) through the acquisition of three Boeing 767 aircraft, 8 Airbus A318 aircraft and two Airbus A320 aircraft.

Finally, the net consolidated flow of the Parent Company and its subsidiaries during 2008 decreased by MUS\$193,616 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 financing 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 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 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 and its subsidiaries receive 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\$59,896 under these agreements as of September 30, 2008. The losses or earnings on these agreements are recognized as part of Non-operating income. As of September 30, 2008, the market value of the existing agreements was MUS\$27,354.

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 assumed at a fixed rate directly with the lending bank and, moreover, the interest rates were set in advance for the financing of 22 Airbus planes to be delivered between 2008 and 2011 and seven Boeing 767-300 planes that will be delivered between 2008 and 2012 (for further details on these aircraft purchase transactions, please refer to Note 28: Contingencies and Restrictions). The purpose is to have a percentage of the debt at (i) a fixed rate (like for swaps and fixed-rate debt), (ii) another percentage of the debt 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\$5,601 on these agreements in the fiscal year. 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 September 30, 2008, the market value of the outstanding swaps, calls and pre-set interest rate agreements was MUS\$12,923. As of September 30, 2008, approximately 96% of the debt is fixed under one 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 96% of all liabilities, including bank debt, air traffic liabilities and some supplier accounts payable, are expressed in American dollars. Moreover, approximately 90% 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 recorded a net exchange differential loss in the amount of MUS\$3,269, 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.

As a result of the financial crisis affecting mainly USA and Europe, the world economy has weakened, creating great uncertainty in all sectors. The world growth will slow down significantly this year, to then begin a gradual recovery at the end of next year. Moreover, inflationary pressure will continue on several goods and services. A growth of close to 4% is predicted for 2008 (4.9% in 2007).

The indicators for Europe continued to show signs of a sustained slowdown, largely caused by the weak growth in domestic demand and by the propagation of the crisis on foreign financial markets. A growth of close to 1.2% is expected for 2008 (2.6% in 2007).

The U.S. economy has been significantly affected by the crisis in the domestic financial sector that has spread to other sectors of the economy and caused a shock on world markets accompanied by instability, mistrust and great uncertainty. Even though we hope that the ample measures taken by the economic authorities will stabilize the financial situation, the crisis in the real estate sector and in other sectors, it is likely that the tension will continue for the rest of this year. A growth of around 1.5% 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, which are behaving more and more like financial assets. A growth of close to 4.3% (5.6% in 2007) is estimated for 2008, mainly because of the evolution of the growth in Peru and Argentina.

The domestic economy has also been adversely affected by the evolution of the world economy, generating uncertainty and instability on the domestic financial markets. Inflation has been rising

since last year, the rise in the price of food and fuel playing a preponderant role. A growth of 4% 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 third quarter of 2008.

6. Financial Ratios

The electronic datasheet Explanatory_Rates.200809C.89862200.xls is attached.

EXPLANATORY ANALYSIS

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

	09/30/2008	06/30/2008	09/30/2007	06/30/2007
LIQUIDITY INDICATORS				
Current ratio (current assets/current liabilities)	1.04	1.07	1.14	1.19
Acid-test ratio (cash/current liabilities)	0.38	0.37	0.44	0.52
DEBT INDICATORS				
Debt ratio (current liabilities + long-term liabilities/Equity)	2.98	2.87	2.37	2.29
Short-term debt/total debt (%)	34.95	37.68	36.64	36.09
Long-term debt/total debt (%)	65.05	62.32	63.36	63.91
Interest expense ratio (RAII/interest expense)	5.84	5.37	6.66	5.92
ACTIVITY INDICATORS				
Total Assets	4,403,015	4,338,048	3,399,294	3,350,383
Investments	570,467	384,648	395,535	176,297
Sales	6,526	9,472	3,646	619
Inventory turnover (cost of sales/average inventory)	34.88	21.79	29.18	19.86
Inventory permanence (average inventory/cost of sales * 360)	10.32	16.52	12.34	18.13
PROFIT INDICATORS				
Return on equity (net profit/average equity)	0.21	0.13	0.26	0.16
Return on assets (net profit/average assets)	0.06	0.04	0.07	0.05
Return on operating assets (operating income/average operating assets)	0.08	0.04	0.10	0.07
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)	0.65	0.41	0.61	0.38
Return on dividends (dividends paid/market price)	0.06	0.04	0.04	0.03

EXPLANATORY ANALYSIS

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

INCOME INDICATORS	09/30/2008	06/30/2008	09/30/2007	06/30/2007
Net sales	3,354,935	2,150,304	2,478,830	1,604,209
Passenger	2,078,353	1,317,343	1,554,833	995,843
Cargo	1,163,464	751,124	804,911	532,557
Other	113,118	81,837	119,086	75,809
Operating Costs & Administration Expenses	3,051,090	1,982,284	2,197,343	1,421,402
Landing expenses and other fees	335,013	214,712	262,103	174,236
Fuel	1,145,552	718,064	635,887	403,792
Commissions	364,358	236,032	287,573	189,123
Salaries	462,645	307,766	349,408	223,864
Other operating expenses	318,318	220,294	263,789	169,952
Aircraft leases	114,042	76,859	116,204	76,183
Aircraft maintenance	116,985	80,715	118,110	78,846
Depreciation and amortization	130,717	86,658	111,543	71,913
Passenger service	63,460	41,184	52,726	33,493
Operating income	303,845	168,020	281,487	182,807
Interest expense	53,492	37,472	43,530	30,908
Non-operating profit (loss)	-44,926	-4,385	-35,224	-30,707
RAIIDAIE	446,553	288,031	401,979	256,159
After-tax profit (loss)	217,279	137,353	205,742	127,123

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 **September 30, 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	
IGNACIO GUERRERO GUTIERREZ	DIRECTOR	5546791-9	

Date: October 28, 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 **September 30, 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	
JUAN CUETO SIERRA	DIRECTOR	3246727-K	
IGNACIO CUETO PLAZA	GENERAL MANAGER	7040324-2	
ALEJANDRO DE LA FUENTE G.	VICE-PRESIDENT, FINANCE	6947715-1	

Date: October 28, 2008