

Second Quarter 2011 Results Presentation

July 27, 2011



This presentation may include forward-looking comments regarding the Company's business outlook and anticipated financial and operating results. These expectations are highly dependent on the economy, the airline industry, commodity prices, international markets and external events. Therefore, they are subject to change and we undertake no obligation to publicly update or revise any forward looking statements to reflect events or circumstances that may arise after the date of this presentation. More information on the risk factors that could affect our results are contained on our Form 20-F for the year ended December 31, 2010.

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Highlights 2Q 2011

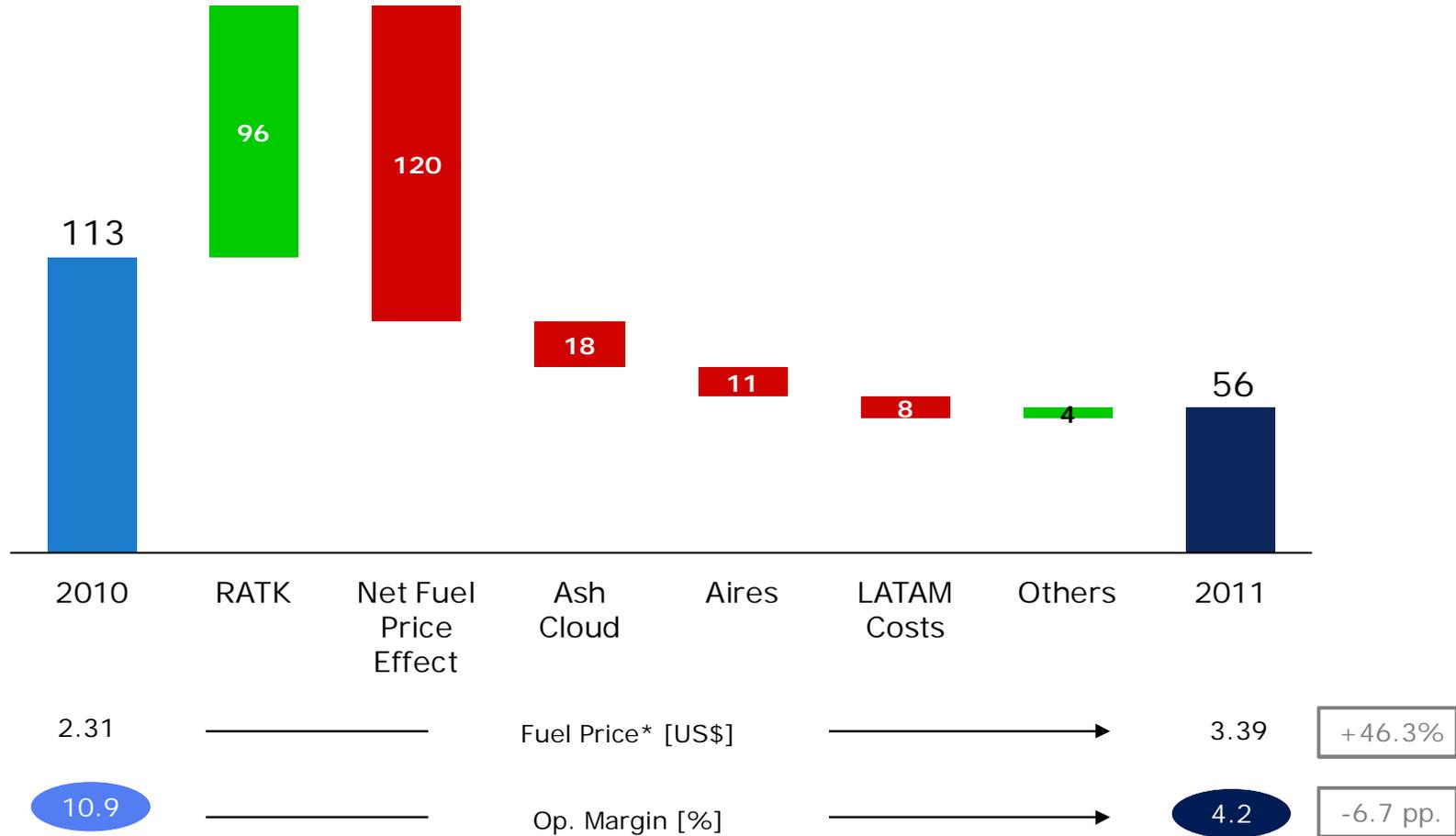
(US\$ million)	2Q 2011	% Change (YoY)	1H 2011	% Change (YoY)
Total Revenues	1,332	28.8%	2,696	30.4%
Passenger Revenues	897	31.8%	1,875	31.9%
Cargo Revenues	406	26.3%	753	28.0%
Total Operating Expenses	-1,276	38.5%	-2,487	37.2%
Operating Income	56	-50.5%	209	-18.2%
Operating Margin	4.2%	-6.7 pp	7.8%	-4.6 pp
Net Income	16	-73.7%	113	-24.0%
EBITDAR *	200	-9.0%	493	5.2%
EBITDAR Margin	15.0%	-6.2 pp	18.3%	-4.4 pp

- 2Q 2011 results reflect continued strong growth in passenger and cargo revenues
- Operating margin impacted by higher fuel prices, Colombian operations and the volcanic ash cloud
- Net income includes settlement agreement in the cargo business partially offset by sale of Blue Express

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

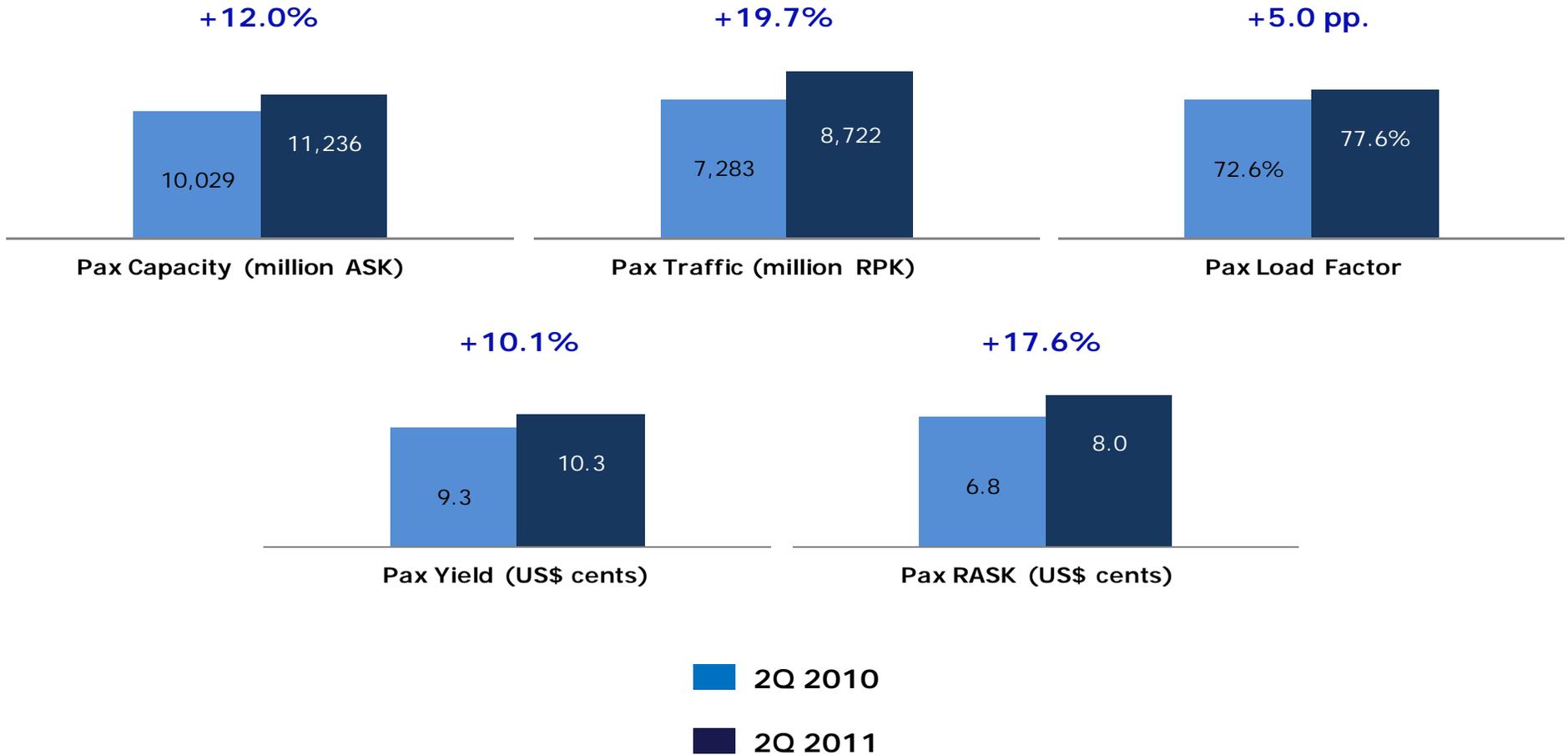
2Q 2011 – Operating Income Analysis

Operating Income (US\$ MM)

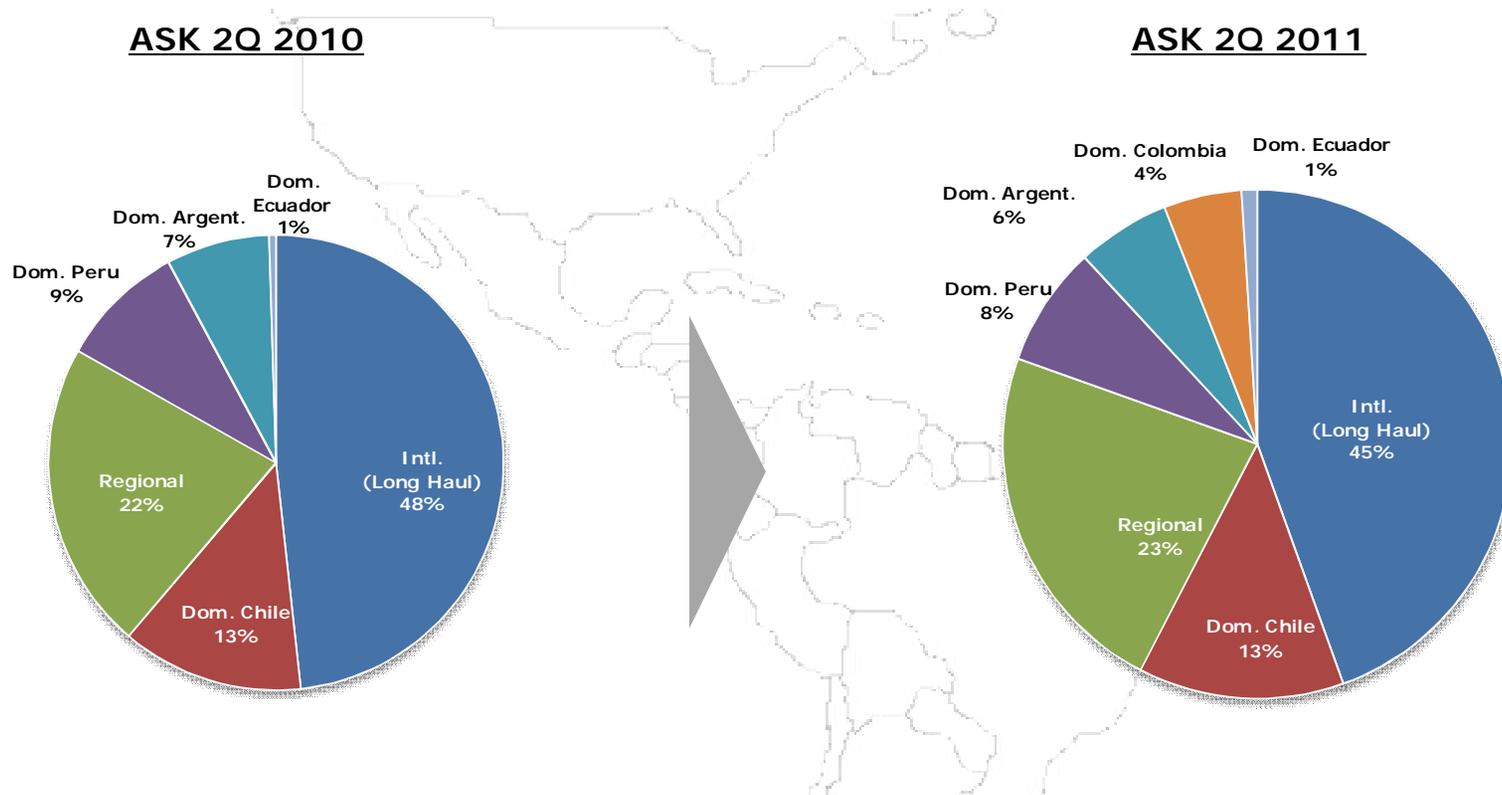


*Fuel price includes hedge

Passenger Business – Revenue Increases 31.8% in 2Q 2011

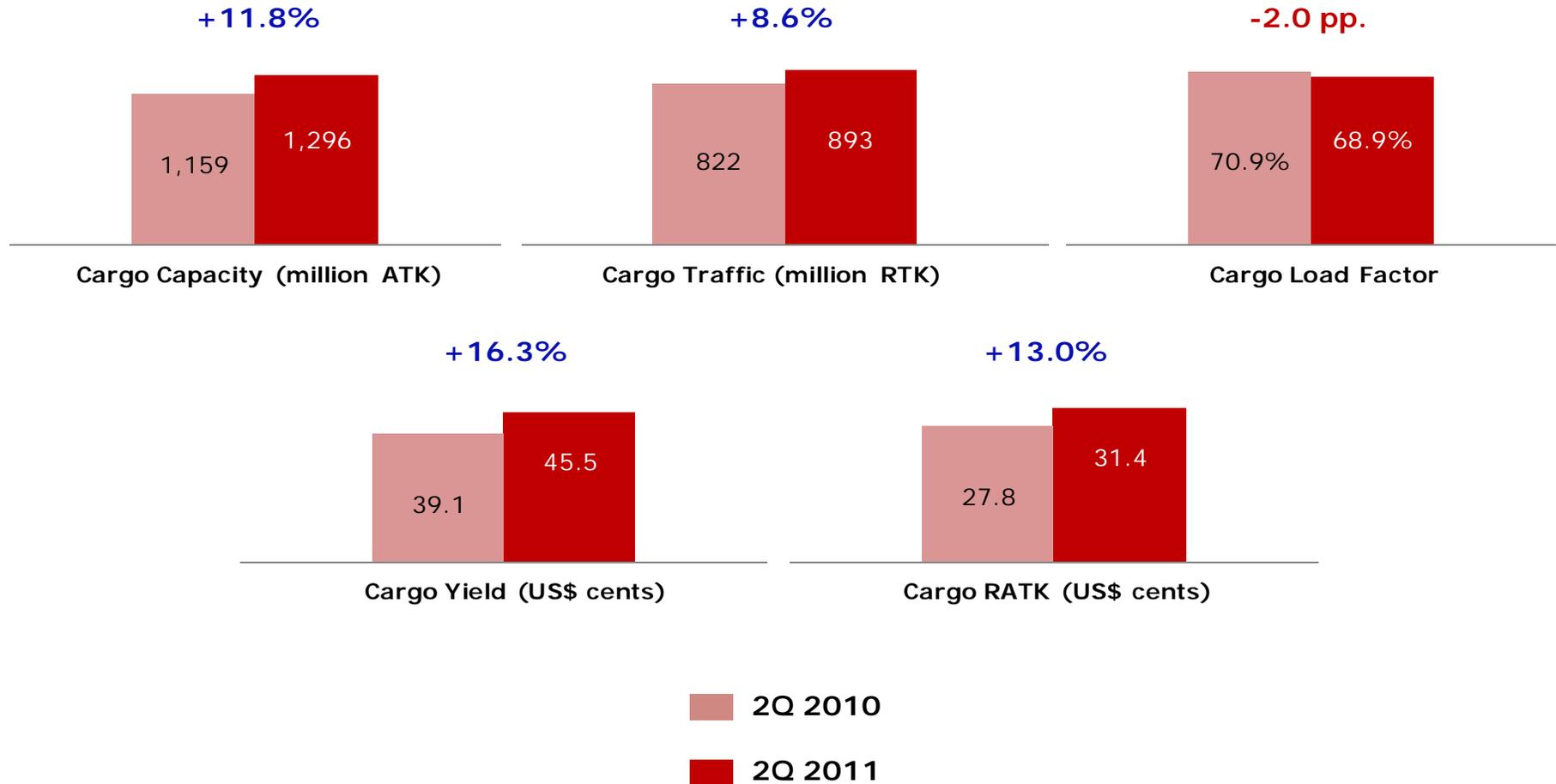


Passenger Business – Capacity Growth 2Q 2011



Growth in ASK (2Q11 vs. 2Q10)		12.0%
International (Long Haul)		4.4%
Regional		18.3%
Chile Domestic		14.2%
Peru Domestic		-3.6%
Argentina Domestic		-18.0%
Ecuador Domestic		126.9%

Cargo Business – Revenue Increases 26.3% in 2Q 2011

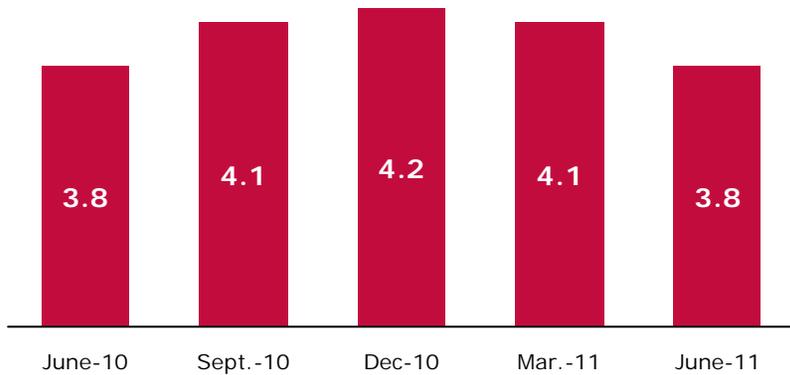


2Q 2011 – Cost Analysis

Costs (US\$ millions)	2Q11	2Q10	Variation (%)		<u>MAIN IMPACTS</u>
Wages & Benefits	255	185	38%		Increased headcount and appreciation of Latin American currencies
Fuel Costs	431	277	55%		Higher fuel costs partially offset by fuel hedge gain
Commissions to Agents	46	38	19%		Increase in passenger and cargo traffic revenues
Depreciation & Amortization	100	83	20%		Delivery of 15 A320 Family aircraft
Other Rental & Landing Fees	169	135	25%		Higher handling costs and aeronautical rates
Passenger Service	31	25	24%		More passengers transported and higher compensations
Aircraft Rentals	44	24	84%		Incorporation of 24 aircraft of Aires, 3 B767F and 3 Airbus A320 Fam aircraft
Maintenance Expenses	45	31	48%		Larger fleet
Other Operating Expenses	154	122	26%		Higher commercial and distribution system expenses and costs incurred related to LATAM
Total Costs	1,276	921	39%		

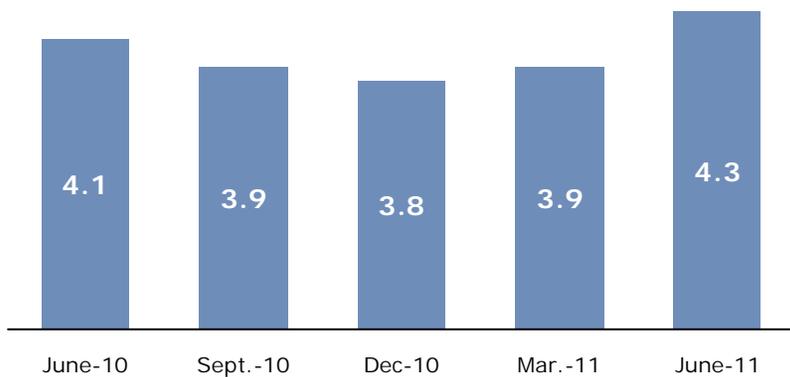
Solid Financial Position

EBITDAR/ Interest expenses



- June 2011 cash balance: US\$375 million, representing 7.3% of LTM revenues
- Long term debt related to fleet financing
- Low interest rates

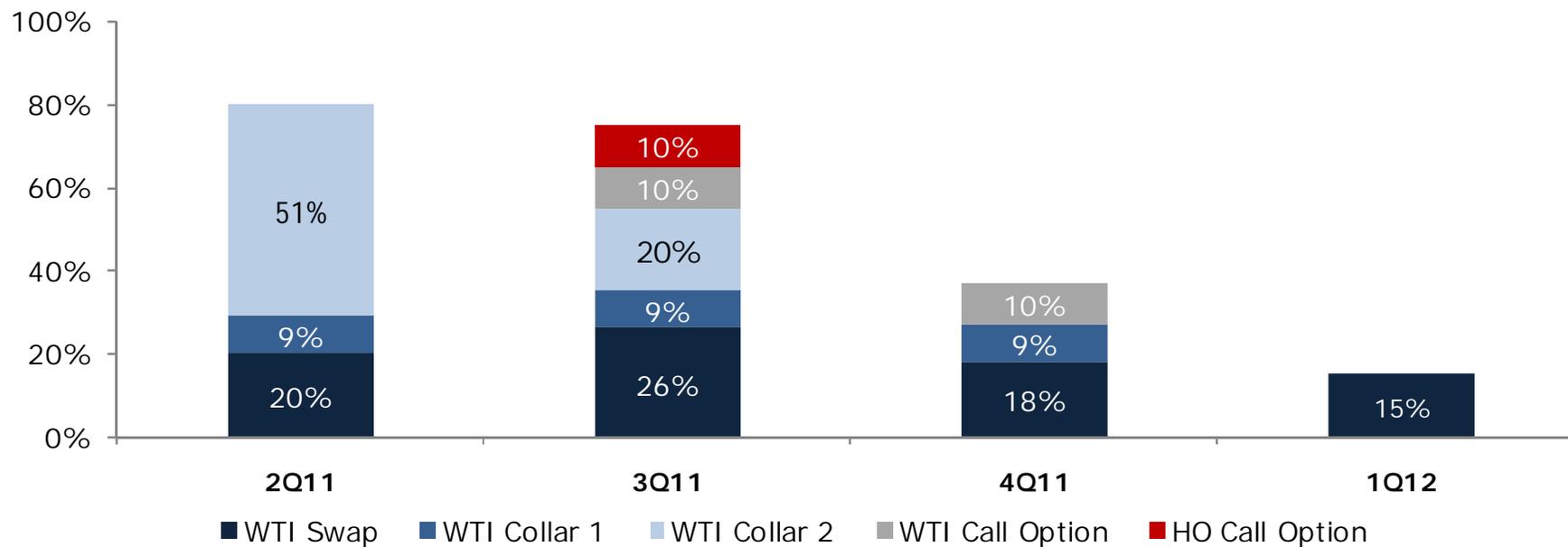
Adj. Debt/ EBITDAR



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

Fuel Hedge

Fuel Hedge
(% of consumption)



→ WTI Swap:	\$79.0	\$89.0	\$96.9	\$96.9
→ WTI Collar 1:	\$60 / \$85	\$60 / \$90	\$60 / \$90	—
→ WTI Collar 2:	\$70 / \$105	\$75 / \$100	—	—
→ WTI Call Option:	—	\$120	\$130	—
→ HO Call Option:	—	\$144.9	—	—

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II. STRATEGIC INITIATIVES & FUTURE OUTLOOK

Efficiency Initiatives



Installation of winglets in all the B767 fleet



Between 4% and 5% additional efficiency in fuel consumption



Reconfiguration of cabins in LAN Ecuador's B767s



Reduction of 7% of costs per ASK by increasing the amount of Economy seats



"LEAN Fuel" Project



Reduction of 2% of the fuel consumption per flight



Operation flexibility



Tactical reassignment of capacity as needed

Colombian Operations



Colombia: second largest market in the region

- 13 million domestic passengers in 2010
- 6 million international passenger in 2010

→ AIRES Fleet:

BOEING 737-700

Aircraft: 9
Seats: 148



DASH 8-Q400

Aircraft: 4
Seats: 78



DASH 8-200

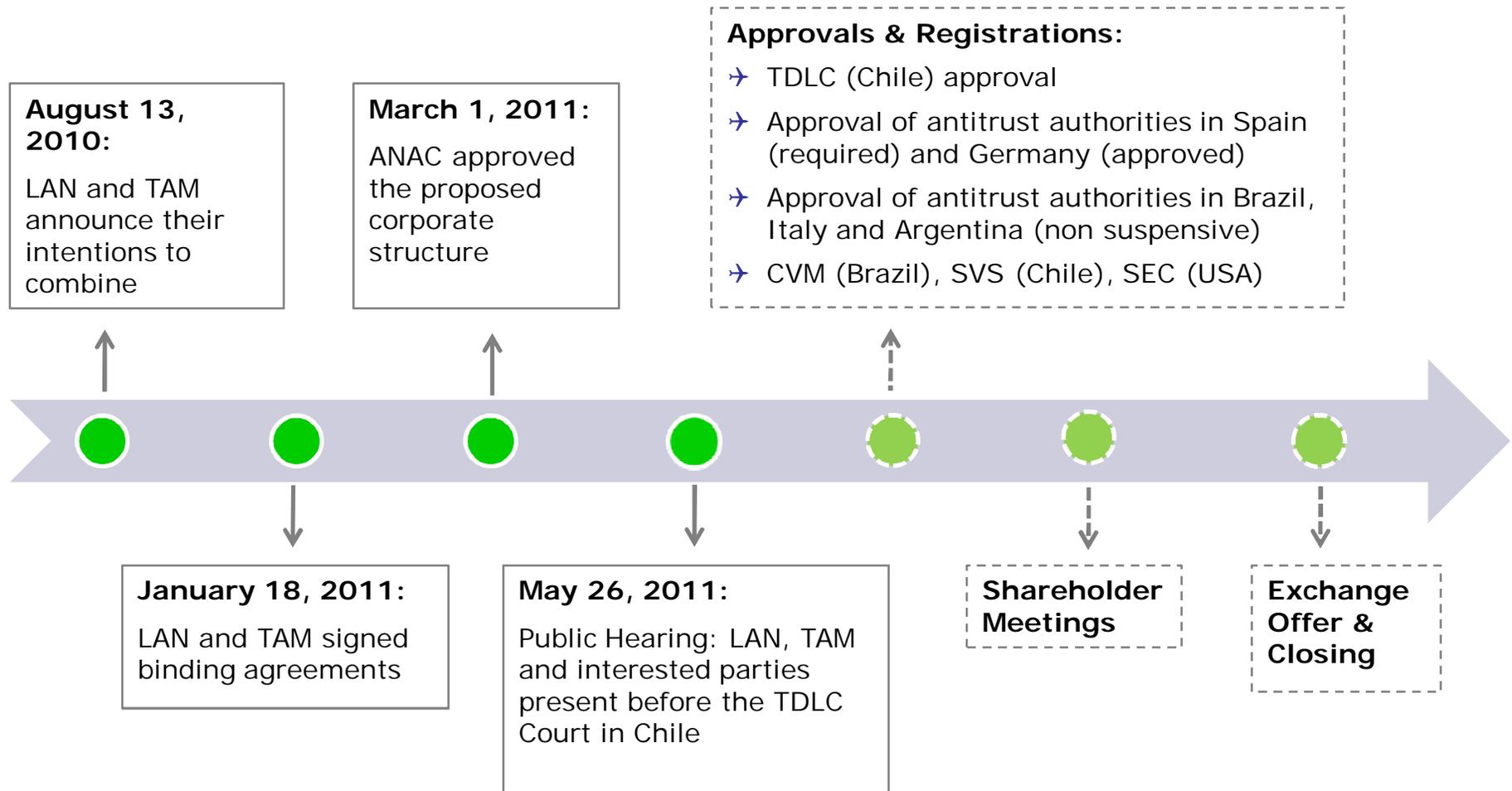
Aircraft: 11
Seats: 37



Turnaround Process

- Implement LAN's punctuality & service standards
- IOSA Certification
- Eliminate unprofitable routes
- Apply revenue management
- Integration of domestic cargo operations
- Converting AIRES into LAN Colombia

LATAM Airlines Group – Status and Next Steps



 *Pending steps

Net Fleet Deliveries 2011 - 2014



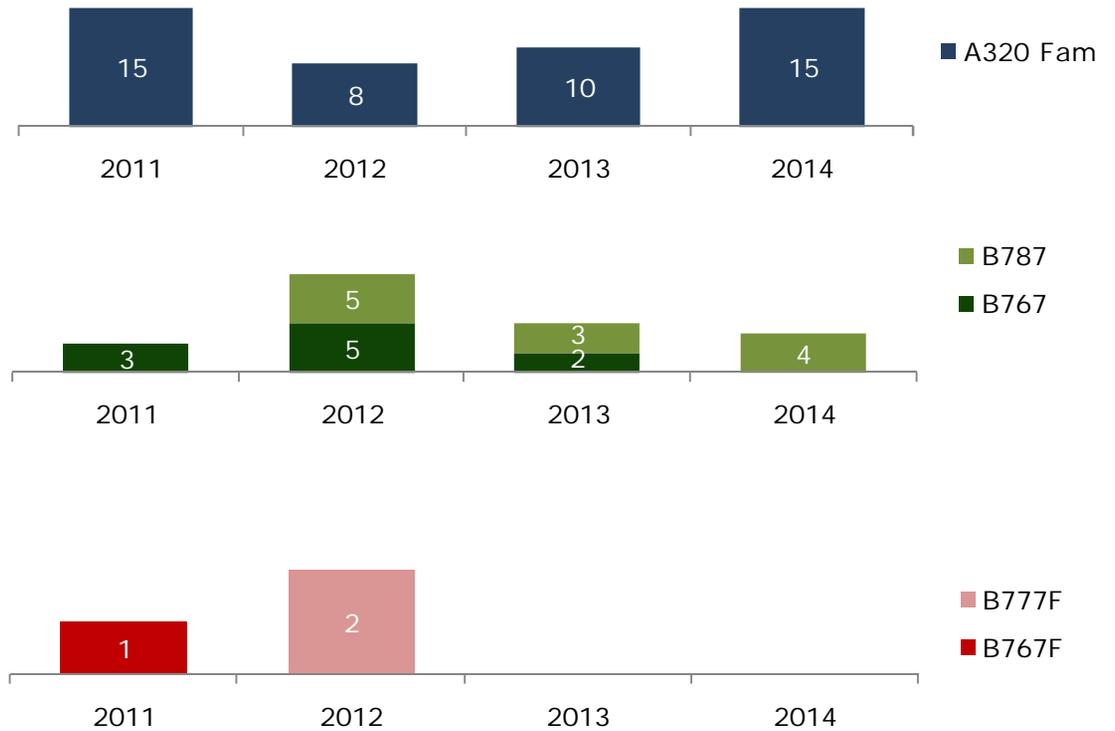
Short Haul



Long Haul



Cargo



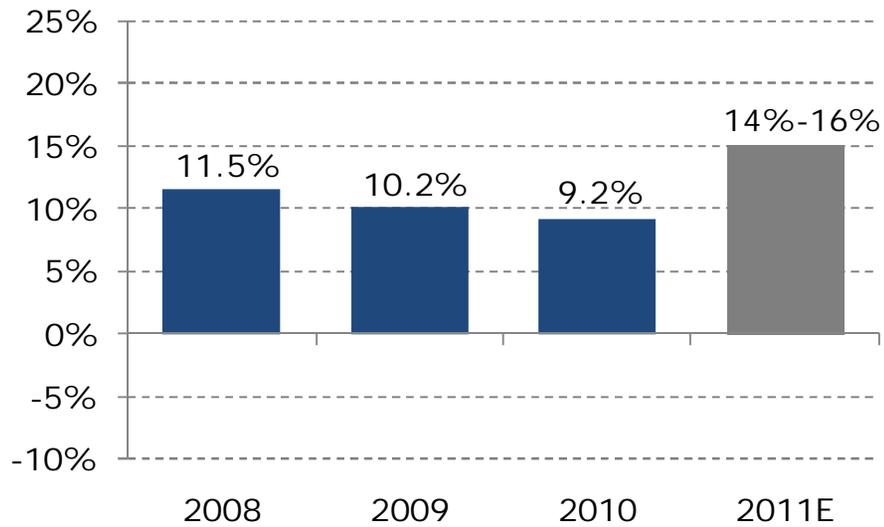
Airbus A320 Neo

- 20 A320 Neo aircraft (delivery 2017 – 2018)
- A more efficient generation of A320s:
 - New engines (more fuel efficient)
 - Sharklets in wing tips

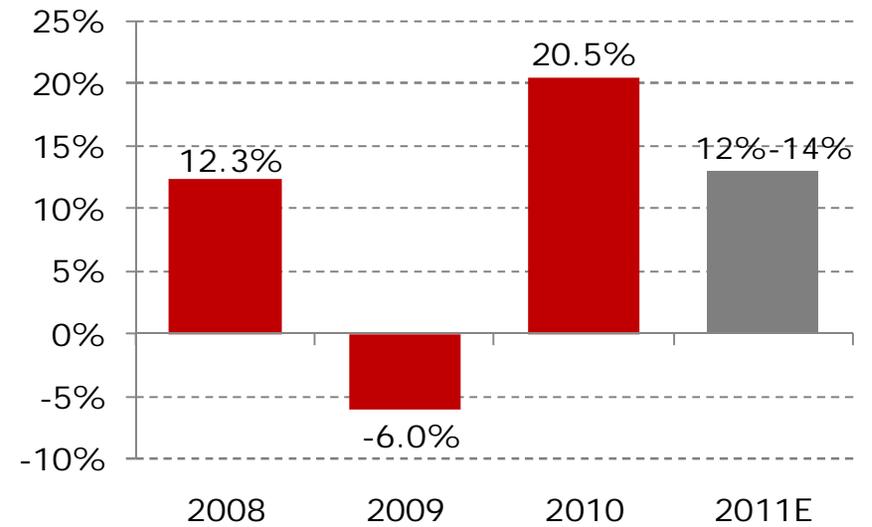


2011 Estimated Capacity Expansion

Passenger ASK Growth



Cargo ATK Growth



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