



**Fourth Quarter & FY 2008 Results Presentation**  
**January 28, 2008**

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## 2008 Highlights

- LAN achieved **strong operating performance** as a 28.6% increase in revenues outpaced an 8.9% growth in system capacity.
- Once again, LAN demonstrated the resiliency of its business model and its ability to operate in a challenging environment.
- **EBITDAR Margin** for 2008 reached 19.2%. However, EBITDAR adjusted for the fuel hedging gain reached 20.0%.

<i>US\$ millions</i>	<b>2007</b>	<b>2008</b>	<b>% Chg</b>
Revenues	3,525	4,534	28.6%
Passenger	2,197	2,859	30.1%
Cargo	1,154	1,527	32.3%
Other	173	148	-14.5%
Total Operating Expenses	(3,112)	(3,998)	28.5%
Operating Income	413	536	29.7%
<i>Operating Margin</i>	<i>11.7%</i>	<i>11.8%</i>	<i>0.1 pp</i>
Net Income	308	336	8.9%
EBITDAR*	726	870	19.9%
<i>EBITDAR Margin</i>	<i>20.6%</i>	<i>19.2%</i>	<i>-1.4 pp</i>

\* EBITDAR = Operating income + depreciation & amortization + aircraft rentals (does not include fuel hedging gains/losses) <sup>3</sup>

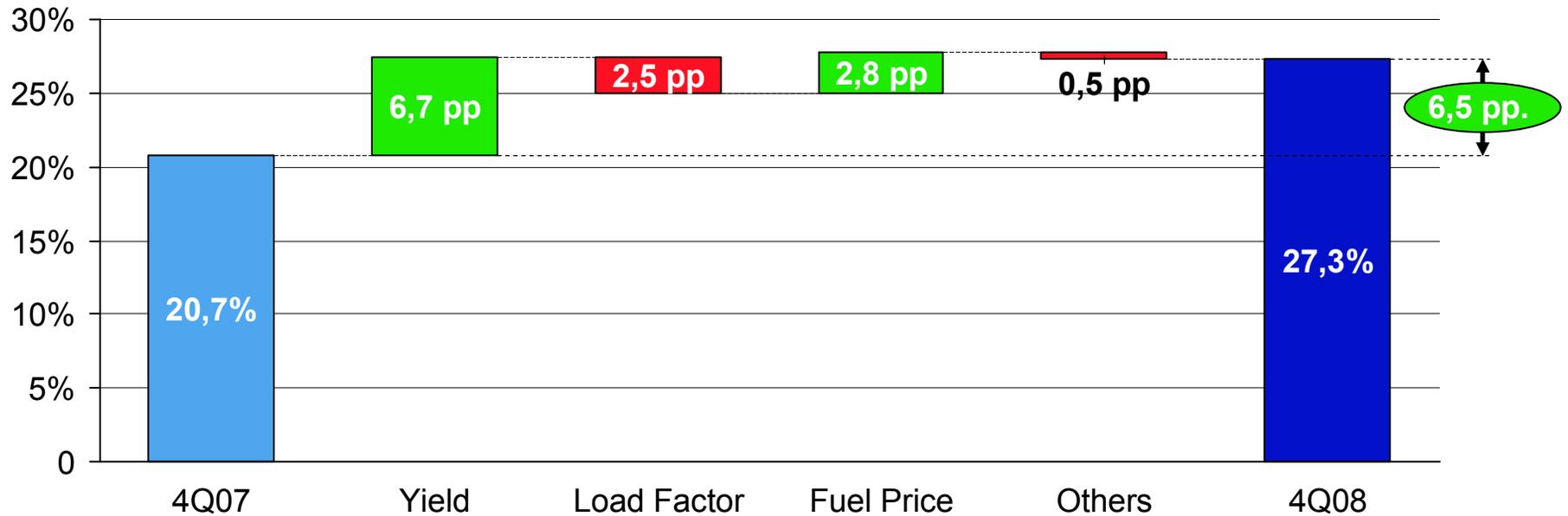
## 4Q08 Highlights

- Solid results driven by **strong operating performance**, especially in the passenger business, as well as a significant decline in fuel prices during the quarter.
- **Operating Margin** for 4Q08 reached a record 19.7%.
- **EBITDAR Margin** for 4Q08 reached 27.3%, an increase of 6.5 pp over 4Q07.

<i>US\$ millions</i>	<b>4Q07</b>	<b>4Q08</b>	<b>% Chg</b>
Revenues	1,046	1,179	12.7%
Passenger	642	781	21.5%
Cargo	349	364	4.1%
Other	54	35	-35.3%
Total Operating Expenses	(914)	(947)	3.6%
Operating Income	132	232	76.2%
<i>Operating Margin</i>	12.6%	19.7%	7.1 pp
Net Income	101	117	16.1%
EBITDAR*	217	322	48.3%
<i>EBITDAR Margin</i>	20.7%	27.3%	6.5 pp

\* EBITDAR = Operating income + depreciation & amortization + aircraft rentals (does not include fuel hedging gains/losses) <sup>4</sup>

## 4Q08 – Strong EBITDAR Margin Driven by Higher Yields and Lower Fuel Costs

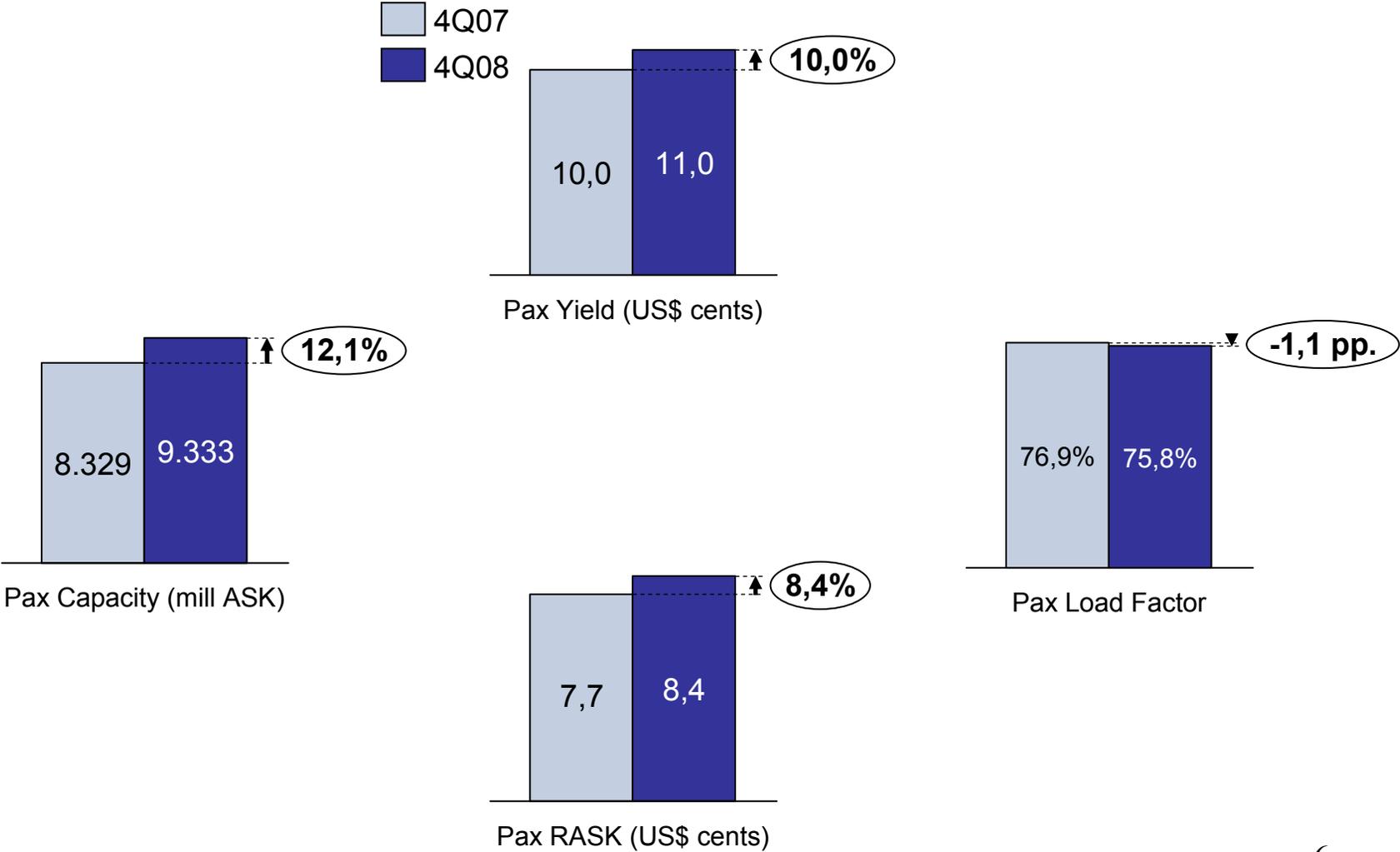


<b>2.69</b>	—————	<b>LAN Fuel Price [cUS\$]</b>	—————>	<b>2.40</b>	<b>-10.8%</b>
<b>217</b>	—————	<b>EBITDAR [MMUS\$]</b>	—————>	<b>322</b>	<b>+48.3%</b>
<b>1,868</b>	—————	<b>System ATK [mill.]</b>	—————>	<b>1,981</b>	<b>+6.1%</b>

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

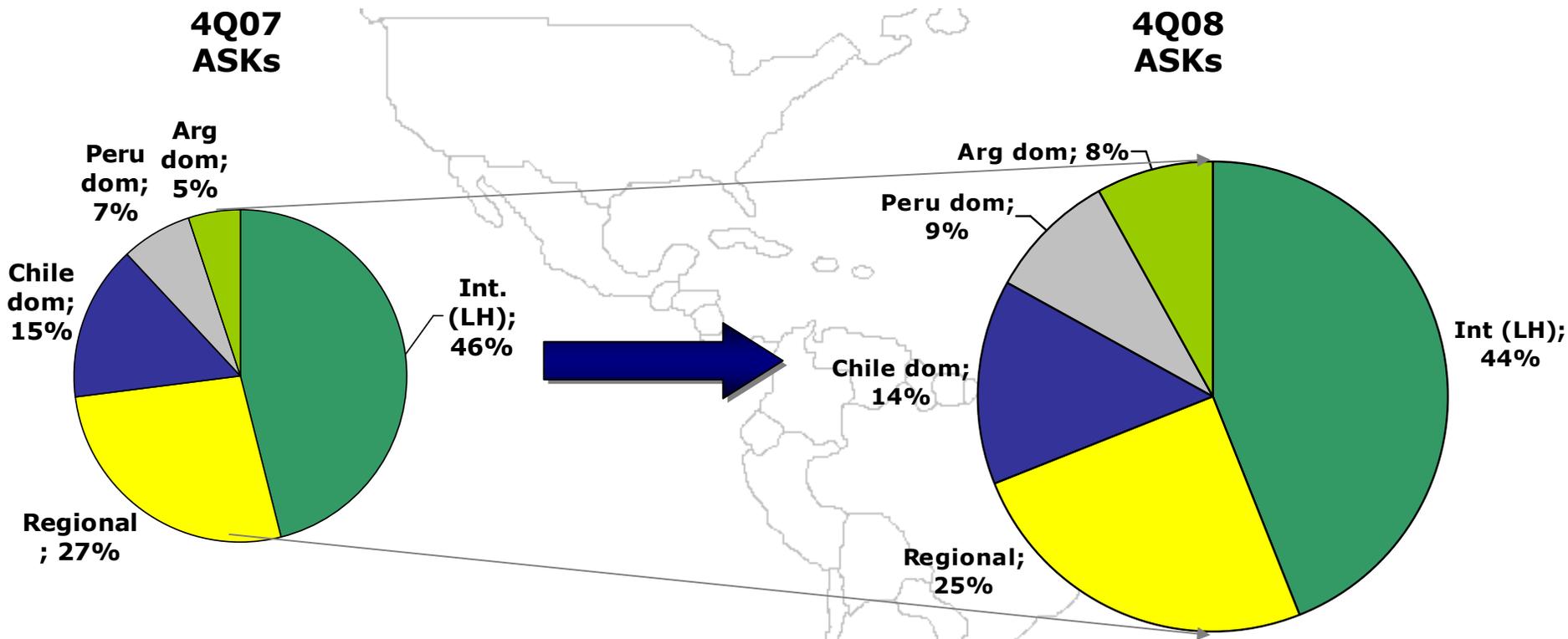
# Passenger Business Revenue Grows 21.5%

Revenue growth driven by a 10.5% growth in traffic and a 10.0% increase in yields



# Important Growth in all Passenger Operations

Domestic operations were the main drivers of ASK growth in the passenger business

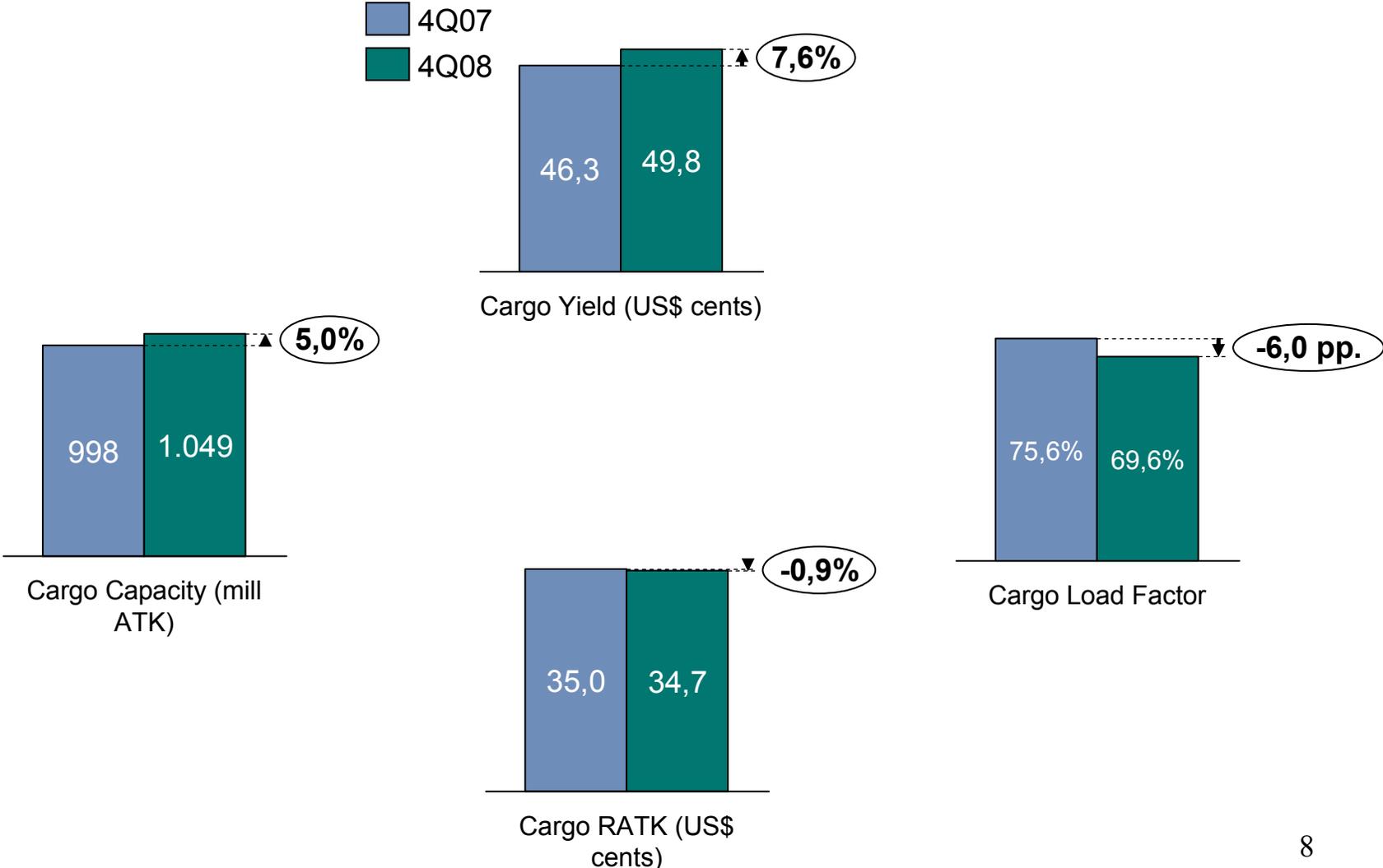


**Growth in ASK (4Q08 vs. 4Q07): +12%**

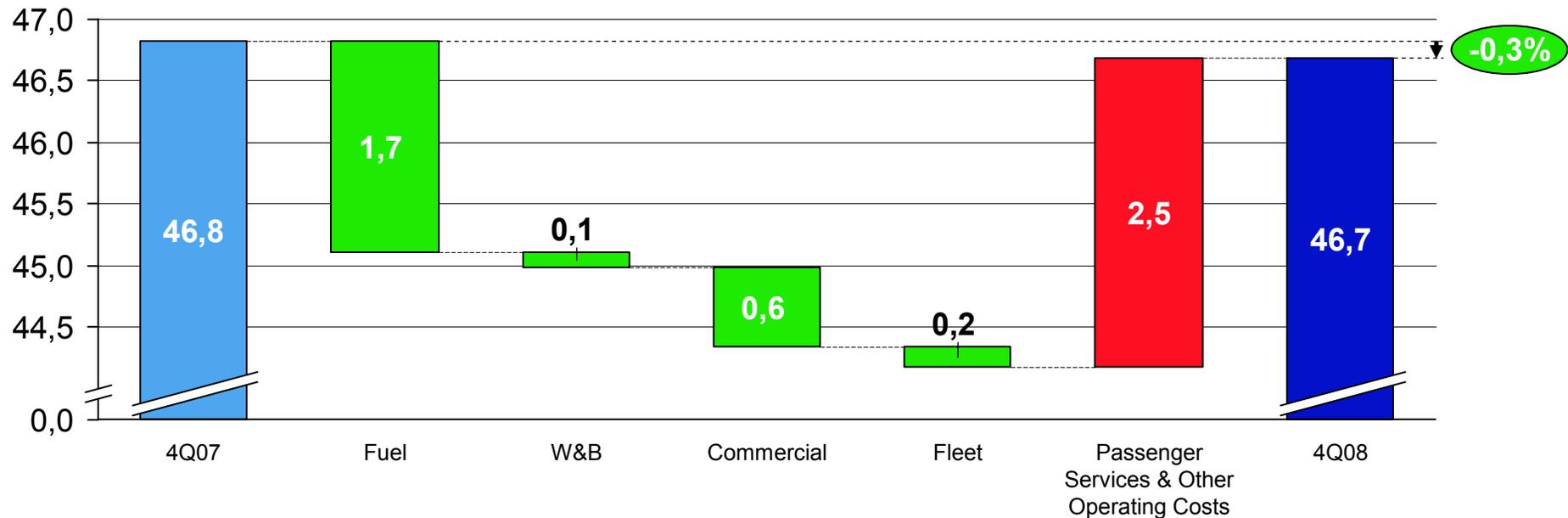
International (Long Haul)	+5%
Regional	+2%
Chile domestic	+9%
Peru domestic	+48%
Argentina domestic	+92%

# Cargo Business Revenue Grows 4.1%

Revenue growth driven by a 7.6% increase in yields despite 3.3% decline in traffic.



## 4Q08 - Cost Analysis



- Unit costs decreased 0.3% in 4Q08 driven by:

- Fuel costs decreased 5.4% driven by a 10.8% decline in fuel prices which was offset by a 6.1% increase in consumption.

- Wages & Benefits increased 4.2%, driven mainly by the increase in average headcount during the quarter which was offset by the impact of devaluation of domestic currencies in the region.

- Commercial costs decreased driven by a 1.3% reduction in average commissions.

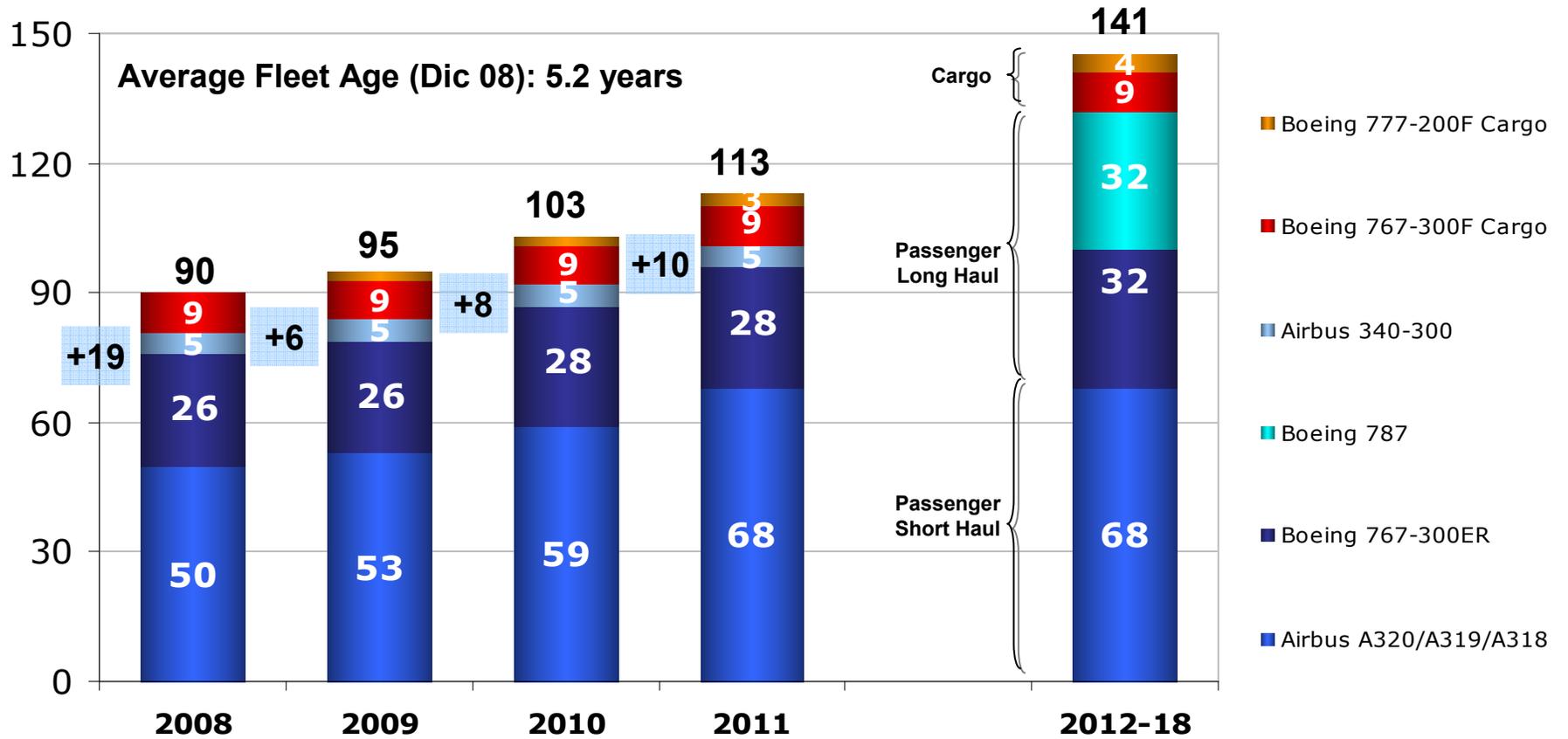
- Passenger Services & Other Operating Costs increased driven by higher traffic (21% more passengers) and higher sales costs.

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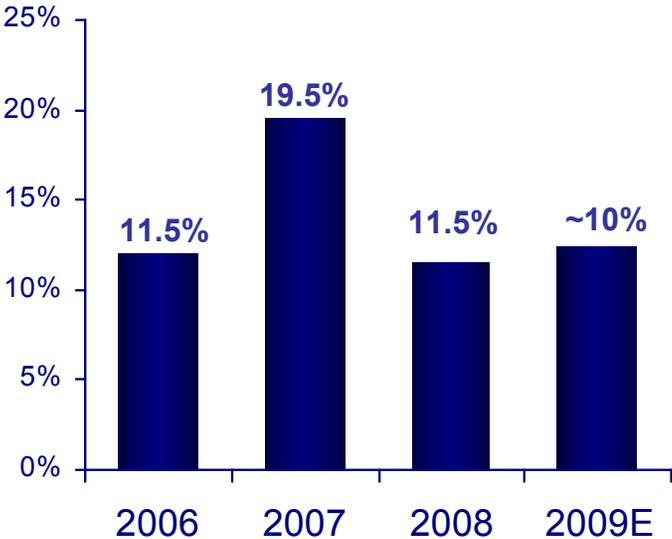
# Fleet Plan



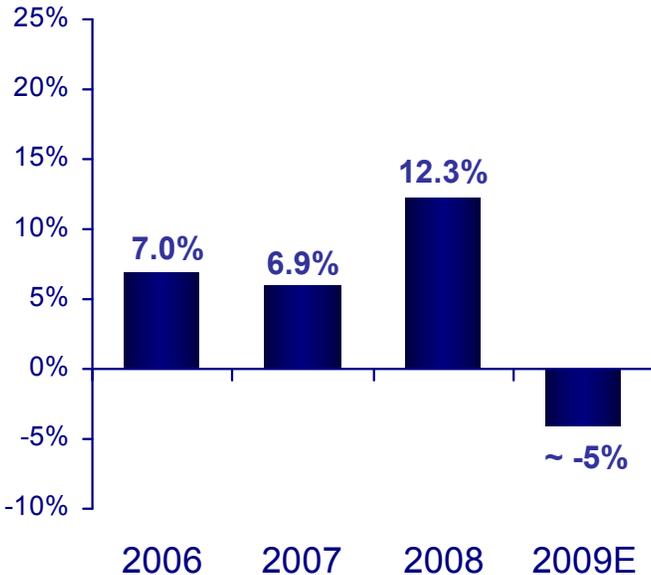
CAPEX	2008	2009	2010	2011	2012-18	
Aircraft	754	274	493	599	4.300	US\$6.4 Billion 2008-2018
Non Aircraft	124	165	124	109		

# 2009 Estimated Capacity Expansion

### Passenger ASK Growth



### Cargo ATK Growth



# LAN CARGO is Well Prepared to Face 2009 Challenges

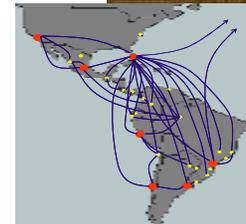
## *Demand outlook for 2009:*



- Southbound traffic likely to decrease due to economic slowdown and dollar appreciation
- Northbound traffic likely to maintain current levels (except for salmon exports from Chile)

## *Cargo business strategy for 2009:*

- Arrival of 2 B777F will represent discrete jump in operating efficiency
- Continuous tactical reallocation of capacity to defend yield and load factors
- Contingency growth plans to maintain adequate supply in core routes (e.g. Colombia, Central America, others)



# LAN Ecuador: New Domestic Operation

## Lan Ecuador Destinations



## Highlights

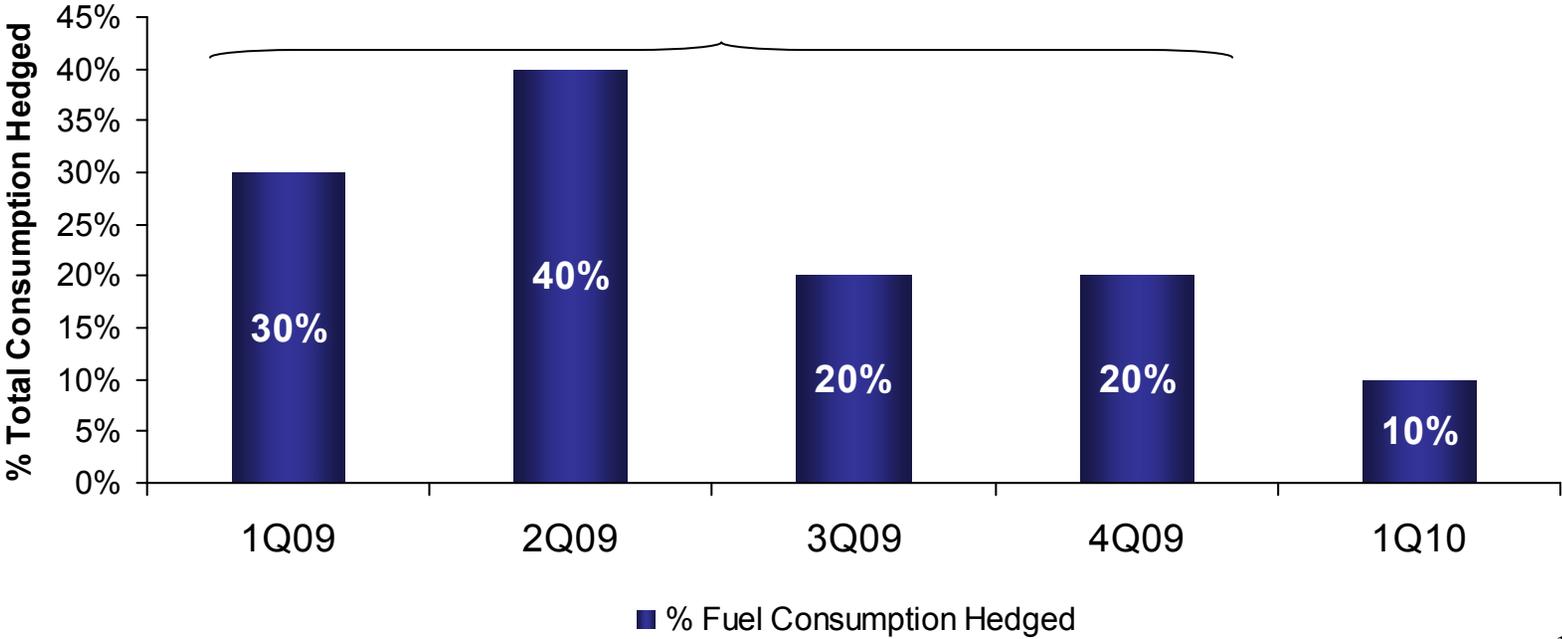
- New operation expected to start at the end of March 2009 operating with 3 A320 family aircraft.
- LAN Ecuador will provide the best connectivity between domestic & international markets.
- Authorization granted to operate the following routes:
  - Guayaquil-Quito-Guayaquil
  - Guayaquil-Cuenca-Guayaquil
  - Quito-Cuenca-Quito
  - Quito/Guayaquil-Galapagos-Guayaquil/Quito

# Fuel Hedging

## Fuel Hedging Program 2008-2009 (\*)

Hedging Price Band (US\$ barrel)	US\$140	US\$140	US\$140	US\$140	US\$140
	↓	↓	↓	↓	↓
	US\$107	US\$104	US\$ 94	US\$ 92	US\$ 92

Average 2009: 27% @ US\$ 101/Bbl



(\*) Hedging as of January 2009



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